

# WHERE STANDS SOCIALISM TO-DAY?



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## PREFACE

UNSCIENTIFIC Socialism is the cause of all our political messes. Politics are now as scientific as mathematics, and government is a highly technical art; but the more scientific and technical they become, the more infatuatedly do we leave them to the idle rich amateur, the superannuated commercial adventurer, and the rule-of-thumb banker, who know no more of politics and economics than a blackbeetle knows of electro-magnetism. They are expert in nothing but making private fortunes and doing the other fellow down. A century ago an Eatanswill elector shouted "Success to the mayor; and may he never desert the nail and saucepan business as he got his money by!" To-day England is so misruled by deserters from the nail and saucepan business that a demand is prevalent for a restoration of the rule of the robber baron and the cadi under the palm tree, whose military and judicial technique, picked up under turbulent public criticism and tested severely by its success, was more effective for constitutional purposes than nail and saucepan technique.

England leads the world in political science. She can boast—if only she knew what to boast about—that she produced the Fabian Society,

which produced the London School of Economics. But as she keeps the Fabian Society and the Government in separate compartments without communicating doors she might just as well have no Fabian Society at all, and must get on as best she can with the international morality of Joshua and William the Conqueror and the modern business habits and practice of Cecil Rhodes, operating through an ingenious self-defeating parliamentary machine which tends more and more to make Guy Fawkes a popular hero. In his perception of the need for ending it by an explosion of the hot air which is its chief output Guy was before his time; but that time seems coming.

Meanwhile, as to where Socialism stands to-day, we told it to go to Russia and it has. We shall have to copy Russia presently in consequence, though Marxism was a genuine British Museum export.

GEORGE BERNARD SHAW.

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THE PRESENT POSITION OF  
REPRESENTATIVE DEMOCRACY

By HAROLD J. LASKI

## THE PRESENT POSITION OF REPRESENTATIVE DEMOCRACY

### I

THE problem of representative democracy has been altered in a final way by the events of the post-war years. It is improbable that anyone will again defend its superiority over alternative forms of government in the terms which would have satisfied either Jefferson or Jeremy Bentham. It is obvious that any view which places confidence in the power of universal suffrage and representative institutions, unaided and of themselves, to secure a permanently well-ordered commonwealth is seriously underestimating the complexity of the issue. Such a view not only gravely exaggerates the power of reason over interest in society; it also misconceives the dynamic nature of the purpose which representative democracy is seeking to secure.

Looking back now, at a generation's distance, upon the success of representative democracy in the nineteenth century, it is plain that this was due to the coincidence of quite special conditions. The vast expansion of material well-being which scientific discovery effected made possible the concession of an improved standard of life to the working-classes without any negative effect upon the standard

enjoyed by their masters. The main character of the purposes it was sought to realise by governmental action was largely negative also. Privilege was overthrown in the realms in which it was established by law upon the assumption that liberty of contract was the inevitable parent of social equality. The establishment of things like popular education, a wide franchise, religious toleration, and the like, conferred upon the masses a profound sense of satisfying emancipation without involving any of the tragic consequences which the opponents of those changes had predicted. The relatively narrow sphere of governmental regulation, moreover, made the issues of policy largely non-technical in character ; and it was possible for political discussion to be followed by the multitude in a way which made representative institutions themselves effective organs of popular instruction. Nor had the ideal of national independence yet assumed a form in which its economic expression seriously hampered the relations between states ; the development of capitalism had not yet come to imply such an intensity of international interdependence as made the national state a dubious unit of sovereign authority. Emigration to America was unrestricted ; and all over the world there were great areas of capital investment in which the taking of risk without

co-ordinated plan still seemed to offer a high and assured return. The Far East still accepted domination by Europe and America without sign of serious revolt; and the opening up of Africa offered the prospect of a wealth unhampered by the limiting demands of social regulation. Anyone who observes the history, say of Great Britain between 1815 and 1914, can hardly help concluding that the prestige of Victorian parliamentarism was the outcome of quite special economic circumstances of which there seems no reason to expect a repetition.

Anyone who compares the complacent optimism of fifty years ago with the institutional *malaise* of our own time cannot fail to be impressed by the contrast. The Marxian socialists apart, it was well-nigh universally admitted that the road was clear to the triumph of representative democracy at least in Western civilisation and, as it was thought, all over the world, as the process of education completed its task. Things like freedom of speech, judicial impartiality, freedom of migration, were highly prized; the statesman seemed the master of the forces it was his business to dominate. Taxation was low; and the legend was still accepted that liberty of contract had established equality of opportunity. There was little left of that pessimistic

denunciation which, in the 'forties, was the keynote not only of Marx and Engels, but of men so different as Carlyle and the young Tories to whom the *Sybil* of Disraeli seemed a prophetic utterance. Socialism was still rather a conspiracy than a movement. The trade unions had nowhere won a position of primary significance in the State. The men who really counted in the making of public opinion seemed to differ only on the incidentals of social philosophy. If there were national rivalries, there seemed no reason to doubt that the main lines of institutional development had been laid down in a final way.

No one has that confidence now. What alone can be said to remain of the Victorian political ideals are the final eclipse of aristocracy and the recognition that no church can dominate the life of a nation. The advocates of *laissez-faire* have been driven to admit that liberty of contract has no meaning in the absence of equality of bargaining power. The national state has become, as a sovereign entity, completely incompatible with the existence of a highly intricate and interdependent world-community. The price of social peace has become a volume of costly social administration which overwhelms national legislatures and has transferred effective political power to the executive of

which parliament has become little more than the organ of registration. The subject-matter of legislation has become so highly technical that much of its meaning is unintelligible to the multitude; and its extent is so great that there is rarely time for its essential principles to be illuminated by public discussion. The East is in revolt against tutelage. The breakdown of currency, and the ideal of economic self-sufficiency in the national state, has everywhere ended freedom of trade and migration. Taxation is everywhere so high that every new social experiment necessarily alters the way of life of the little minority who, in every state, control the basic sources of economic power. In many countries, the ideal of representative democracy has been frankly abandoned; and that feeling for liberty which was characteristic of the Victorian period is everywhere at a discount. Socialism in Western Europe has, almost universally, become the essential opposition to the bourgeois parties; and its emergence to that rank is significant, above all, because its conception of society is antithetic to the ideal that it challenges. If European trade unions have not achieved the scale and power which seemed possible in 1919, their growing immersion in politics is a vital expression of changed conditions. And it is urgent to realise how completely the foreign policy

of the nation-state has become a way of expressing the major capitalist interests by which each political community is controlled. Oil, coal, steel, high finance, are empires which utilise political mechanisms for the expression of the single purpose of profit that they embody; and because their operations are world-wide, no state remains outside the orbit of their influence. International relations have become a function of the habits of economic imperialism. If war superficially represents nation-states in collision, behind the legendary symbols it is a struggle between competing groups of capitalists for access to economic power.

Representative democracy seems to have ended in a *cul-de-sac*. And few of the remedies for its difficulties that were put forward by the thinkers of the nineteenth century seem in the least degree adequate to its cure. That the best men do not enter political life, that it is dangerous to enfranchise the uneducated, that our methods of voting are illogical or absurd, that we need more experts, or better information, that parties subordinate the national to functional interests, that there is too much government, or too little—none of these explanations even begins to scratch the surface of the problem. Who are the best men? What is an educated person? Who can say that the

strict logic of Germany's voting system makes the results of her governance more adequate than those of Great Britain? Who can tell, by any objective criteria, when a party is hostile to the interests of the whole community? Is there a single vital theme of government policy—the tariff, disarmament, currency, wage-standards—upon which the experts speak with a united voice? Better information we all may proclaim as desirable. But in the presence of interests so profoundly conflicting as those which divide the modern state, who is to interpret the information in a way so disinterested as to command widespread assent for the policy in which it is to issue? Men speak of institutional reorganisation. But it is useless to reorganise institutions unless the community is agreed upon the purposes for which they are intended. The demand either for more or for less government is meaningless unless it can specify also the kind of society it is proposed to build. All schemes of greater or lesser social regulation must be built upon a clear view of public policy; and that is largely absent from the affirmations of either side.

## II

To anyone who, like myself, accepts the ideal of a democratic society as preferable to any alternative, the essential fact which emerges from the present situation is that the conditions are not present in which such a society can function. I mean by a democratic society one in which the incidence of policy is not biassed in the direction of any particular group in the community—in which, therefore, the interests of any individual in the operation of the State is approximately equal to that of any other. I believe, with Tocqueville, that the evolution of society represents a perpetual struggle for the establishment of this equality; and, therefore, that the source of the *malaise* we are witnessing is the inability of the principle of equality to find expression in a framework of institutions which deny it the possibility of effective entrance. I propose to illustrate this position by analysing the situation of democratic institutions in Great Britain—mainly because I am most familiar with them—and to draw therefrom some general inferences.

The British position is inherently simple. Great Britain became the leading industrial nation in the world during the nineteenth century by being the first people to profit by the results of the revolution in

manufacturing technique. Until the 'eighties of the last century, her predominance was unchallenged; and her business men were able to afford all the concessions demanded from them by organised labour without losing their power to underbid their competitors in the world-market. But that position grew steadily weaker as rivals emerged, as protective tariffs made it increasingly difficult to enter new, and retain old, markets. Universal suffrage demanded an ever-growing volume of social legislation as the price to be paid for the favours of the electorate. The post-war period merely clarified a situation the outlines of which could be decisively seen under the Liberal Government of 1906-14. It was that, with a heavy burden of debt and a shrinking market for its exports, the standard of life attained before the war could be maintained for the community as a whole only if the owners of property were prepared to surrender their privileged position and agree that their income should be increasingly taxed to offer amenities to those without property which the latter could not afford from their wages alone.

The decline of Liberalism and the rise of the Labour Party have been due to the fact that those who dominated the Liberal party were themselves the owners of property who found themselves threatened

by the demands made by Labour on the State. The increasing tendency of Liberals to join the forces of Conservatism arose from the realisation that both alike were threatened by the rise of a Socialist party; and that, if the latter had its way, the vested interests of a capitalist society would be attacked at the root. Liberals were prepared to disagree with Conservatives upon matters of incidental significance so long as both were agreed upon the fundamental character of the society—that fundamental character being the private ownership of the means of production upon the basis of profit-making by the entrepreneur. As soon as Socialism became the alternative government in the State, Liberals joined with their historic rivals to protect this system of private ownership from an attack made upon it in the name of equality.

This alteration in the disposition of party forces is likely to have important results on the constitutional position. The success of the British Parliamentary system has been built upon the fact that the major parties in the state could agree to accept each other's legislation, since neither altered the essential outlines of that social-economic system in which the interests of both were involved. With the emergence of the Labour Party as the alternative Government, a different position has come into view. The Labour

Party aims at the transformation of a capitalist into a socialist society. It seeks, therefore, directly to attack, by means of Parliament, the ownership of the means of production by those classes which constitute the foundation of Tory and Liberal strength. Its principles are a direct contradiction of those of its rivals. It denies the validity of the whole social order which the nineteenth century maintained. Is it likely that it can attain its objectives in the peaceful and constitutional fashion which was characteristic of the Victorian epoch?

No one not a Communist is likely to prophesy on these matters with any certitude. He will note, indeed, that so comparatively small a change as that involved in home rule for Ireland brought Great Britain, in 1914, to the verge of civil war. He will be influenced in his judgment by the fact that the transference of power from king to Parliament in the seventeenth century involved a civil war and a revolution before it was complete. He will remember that the dispossession of a governing class has rarely been effected without violence. A change in the essential methods of production, such as the Labour Party envisages, involves changes in the legal and political institutions which are literally fundamental. However generous be the compensation to established expectations, the

interference with vested interests which the policy predicates is momentous in amount. Are the owners of property likely to accept the peaceful destruction of their position in the State?

Nor is that all. Even if it takes a considerable period for the Labour Party to secure power, the position in which the Conservative forces find themselves is not an easy one. The last thirty years have brought into being the social service state; and the cost of its maintenance is high. The burden of war-debt, the shrinkage of the export-trades, the growth of the demand for self-government by India—all intensify the weight of that burden. If Conservatism is to maintain the predominance of those who control its policies, it must be at the cost of the standard of life built up by the working-class in the last generation. To economise on things like the social services is to risk a Labour victory; not to economise on them is to jeopardise the power of British capitalists to produce at a cost which enables them to penetrate foreign markets. Alternative sources of economy—armaments, for example—are likely to be small over a considerable period simply because the disturbed state of Europe and the Far East does not offer that feeling of security out of which disarmament can come. The drama of a currency crisis, as in

1931, may steel the nation to temporary sacrifice; but that merely postpones the discussion of equality and does not abandon it. Sooner or later, Great Britain has to face the issue of whether it will adjust its economic and social constitution to the political democracy upon which its legislative constitution depends.

The observer who seeks to analyse the prospects of this position must realise that, on any showing, thoroughgoing institutional adjustment is unavoidable. The position of the House of Lords is incompatible with the aims of the Labour Party. The procedure of the House of Commons is utterly unsuited to the necessities of the positive state. The reconstruction of the areas and functions of local government is an urgent matter if efficient decentralisation is to be possible; and, without efficient decentralisation, no reform of Parliament would leave it adequate to its tasks. The whole machinery and principles of the common law, moreover, are conceived in terms of principles which deny the very essence of an equal society; their reformation is inescapable if its realisation is to have meaning. No one, in a word, can visualise what is involved in the transformation of the existing institutional structure without realising how gigantic is the task involved in its reconstruction.

Nor must we omit the international aspect of the matter. Not only is Great Britain involved in a world-economic system by the standards of which she must set her own. She is involved also in a world-political system the rivalries of which at every point affect the character of her policy. A German revolution, a Franco-Italian war, an attack on Russia by Japan, an Indian revolt, may alter altogether the position in which she finds herself. And her economic adjustments are peculiarly costly by reason of the deep-seated social habits they disturb. *Laissez-faire*, in the Victorian sense, is dead. Modern forms of regulation involve problems for her which go to the very root of that curious combination of political democracy and aristo-plutocratic social control to which she has so far entrusted her destiny. All her essential habits—toleration, absence of deliberate plan, leisureliness of adjustment—are threatened by the rapid changes in economic technique which the scientific revolution in modern industry is compelling.

The very nature of those rapid changes, moreover, gives decreased significance to historic representative institutions; it leads one to inquire whether political democracy has not, so to say, arrived too late upon the scene to control the total process by which it is confronted. For the leisurely processes

of parliamentary debate are far too slow for the requirements of economic decision. They tend merely to register agreements arrived at outside the legislative assembly. Parliament could not have controlled the bankers in 1931; the movement of finance had determined the course of events before ever it could be summoned to grapple with its implications. No one supposes that Parliament, either, could charge itself with the control of the detailed processes of industry; at the most, it must confine itself to the largest general issues. And this raises the question of whether, if the movement towards an equal society on socialist principles gains momentum, the public which is now represented in the House of Commons is not going, from the very nature of its problems, to find itself dissolved into a series of special publics much more loosely integrated by the political process than is the case under the price-mechanism of a capitalist society.

Or, it may be, the evolution may not be in the direction of an equal society. In that case, the disproportion between the political democracy and the economic oligarchy will be even more striking than now. For only the advent of some sudden and unexpected economic prosperity will enable that oligarchy to satisfy the wants of the political

democracy. The characteristic of capitalism tempered by spasmodic regulation, especially in a protectionist society, is everywhere the same. It means special privilege in terms of the power at the disposal of the different groups. It means, where foreign investment is concerned, the use of the State by the investing class, where it is significant enough in wealth or size or skill in propaganda, for the usual purposes of imperialism. The courts and the legislature are utilised to protect what privilege obtains from the vantage-ground of its inequality from the assault of the unprivileged. The implication of such a society is necessarily conflict.

From all this, I conclude that the success of the British Parliamentary system was due to the privileged economic position gained by Great Britain in the course of the Industrial Revolution, and that it is rapidly becoming dubious as that privileged position disappears. It is, no doubt, true that the tenacity of British constitutionalism will give it a better chance of survival than is the case in countries where the tradition is less deeply rooted—in France, for instance, or Germany, or Italy. But that success, as I have argued, was the outcome of the facts (1) that the concessions demanded were mainly negative in character, (2) that they could be made without

serious cost to those who conceded them, and (3) when the mass of the population were not being organised into parties divided by final differences of economic outlook.

None of this is true to-day. The position of privilege is gone, and there is no reason to expect its return. The concessions demanded fundamentally alter the position of the class which dominates the economic system; they can make them only at the price of their eventual disappearance. Increasingly, again, the division between parties is determined by a vital difference of view upon matters of economic constitution; they have moved to the fundamental debate upon the rights of property in the community. We have been warned on high authority that under such circumstances the classical traditions of British politics are likely, in the very nature of things, to be jeopardised.<sup>1</sup>

### III

This analysis of the British position may reasonably be extended into a wider generalisation. For a state to realise the common good, it is necessary that it should be built upon the conditions which

<sup>1</sup> Bagehot, *The English Constitution* (World's Classics edition), preface by Lord Balfour, p. xxii f.

make possible the emergence of that common good. Where the claims of its members upon the results of the social process are seriously unequal, conflict can be postponed only so long as those whose claims receive less satisfaction have the constant sense that the differences which exist are clearly referable to the needs of that common good itself. Once that sense ceases to be widely present, there is absent from the society that agreement about fundamental principles which makes possible the effective working of representative government.

All over the world, in the nineteenth century, political democracy succeeded because it associated the abolition of privilege with increasing economic welfare for the masses of the population among Western nations. It was widely believed that as the masses became, through representative institutions, the masters in their own house, the operations of the State would increasingly represent the general advantage. Men did not realise how special were the conditions of this success. They depended upon the increasing economic returns of America and the imperialistic exploitation of the coloured peoples. Once the saturation point had been reached in America, and the East became unwilling to submit to white domination, the conditions were changed. It became clear that to improve

the condition of the masses meant an attack on economic privileges, and a consequent reorganisation of the economic order. But the terms upon which political privilege had been abandoned were that the way of life of those who owned the effective sources of economic power should not be altered. The new movement—which the war of 1914 rather threw into striking relief than started—challenged precisely those terms. Representative democracy became unstable because there was no longer agreement between the governing classes and the mass of the people, either upon the ends it should seek or upon the ways in which it should seek them.

The position in which we find ourselves was startlingly seen by Tocqueville in a passage to which too little attention has been paid. "The people," he wrote,<sup>1</sup> "had first endeavoured to help itself by changing each political institution, but after each change, it found that its lot was in no way improved, or was only improving with a slowness quite incompatible with the eagerness of its desire. Inevitably, it must sooner or later discover that that which held it fixed in its position was not the constitution of the government, but the unalterable laws that constitute society itself; and it was

<sup>1</sup> *Recollections* (Eng. trans.), p. 99.

natural that it should be brought to ask itself if it had not both the power and the right to alter those laws, as it had altered all the rest."

That is the question put squarely to modern civilisation by Socialism, and, of course, with peculiar and dramatic intensity by the Russian experiment. The *malaise* of representative democracy is due to the fact that the governing classes are not willing to alter the essential characteristics of capitalist society to their disadvantage. That unwillingness can be maintained only upon the basis of a capacity to secure economic improvement at a rate which satisfies the demands of the workers. Such a capacity is unattainable under modern conditions. For it depends upon the ability of a capitalist society to work its assumptions without constant interference from non-economic ends. A society able to make its adjustments in terms of a purely objective price-mechanism might ignore considerations, especially ethical, of a subjective kind. There is no such practicability in Western civilisation. State policy meets demands of a non-economic kind to which it is continually bound to pay deference. Politicians dare not offend a powerful group of manufacturers; they are driven by public opinion to regulate prices, or wages, or the hours of labour; they must seek to

protect society from the dangers of monopoly. Whatever be the causes, the free play of the market will no longer control the results with which we are confronted. The abandonment of *laissez-faire* means the necessity of social control.

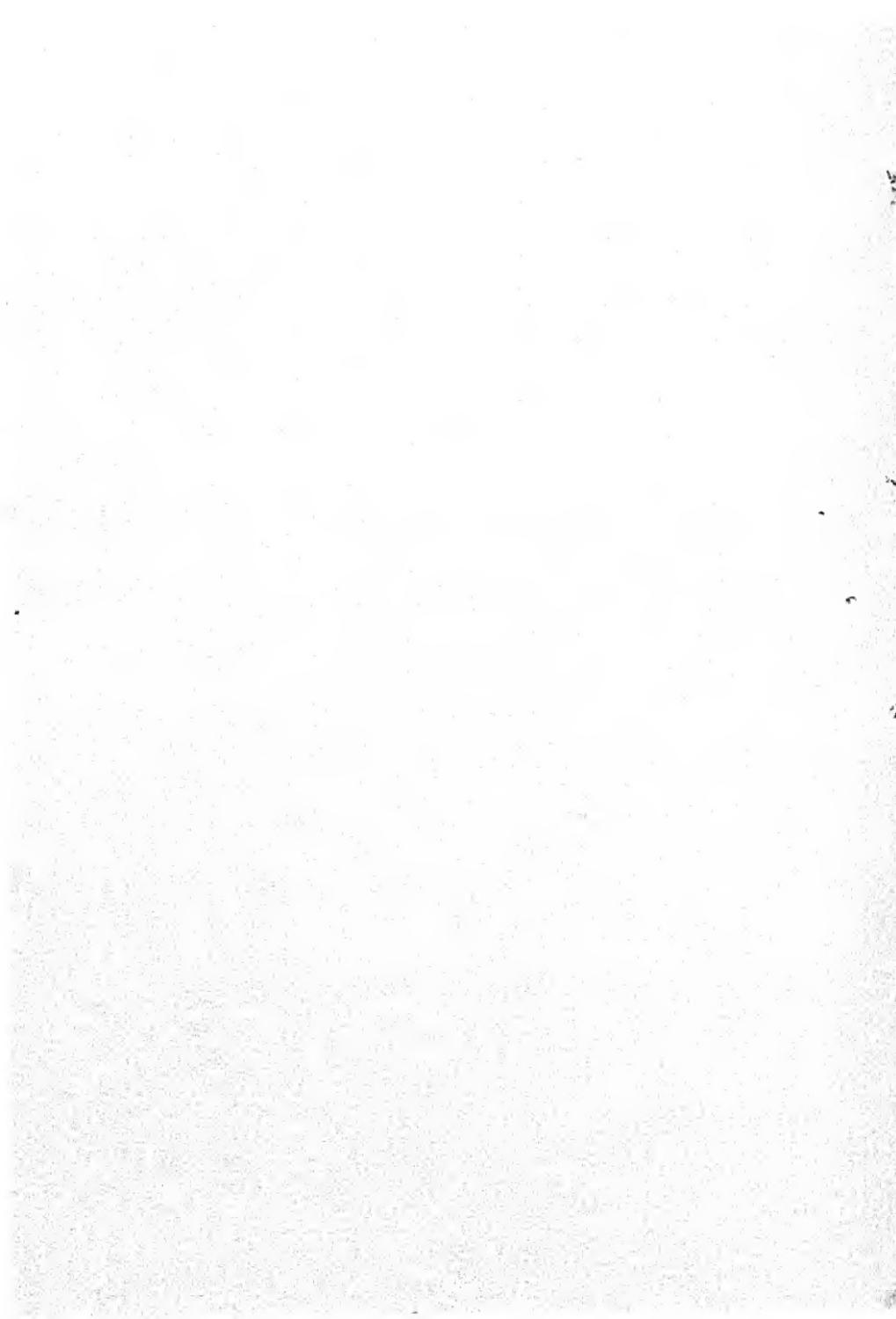
But with the admission of that necessity there is no escape from the problem of economic equality. So long as there are differences in the return to effort, and privileges in the attainment of those differences, men are bound to inquire into the causes of the difference and the justification of the privilege. They are bound to ask why social control should be so exercised as to benefit only a few; and there is certain to be increasing insistence that it should be exercised in the interest of the many. Such an exercise, of course, means a transvaluation of values; it involves the response to wants in other terms than effective economic demand. Representative democracy, at this stage, is, briefly put, asked to solve the problem by paralleling the political equality it achieved with a similar economic equality. To do so constitutionally, it has to call upon the holders of economic power voluntarily to abdicate from their position of dominance. So far-reaching a demand is not welcome; and, no doubt, to most of those to whom it is made, it seems like an attempt to overthrow the natural foundations of social order.

The forces of prescription are on their side, and it is psychologically intelligible that they should be prepared to fight rather than give way.

In any society, in fact, the State belongs to the holders of economic power; and its institutions naturally operate, at least in the main, to their advantage. But by establishing political democracy they offer to the masses the potentiality of capturing the political machinery and using it to redress the inequalities to which the economic régime gives rise. Where that position arises, they are asked to co-operate in the abolition of the advantages - they enjoy. Such co-operation has rarely been offered deliberately or with good-will; and it has been necessary, as a rule, to establish by force a new legal order the institutions of which permit the necessary adjustments to be made.

It appears likely that we are approaching such a position at the present time. It is significant that the rivalry of competing economic nationalisms appears to make impossible the attainment of that political security which is the condition of any economic equilibrium. The absence of political security, especially in the aftermath of recent war, makes necessary a volume of expenditure upon debts and armaments which hinders the prospect of material improvement. For it reduces trade;

it lessens the essential capital accumulation ; and it involves such a scale of taxation that social services are threatened at their foundation because of the cost to the governing class of their maintenance or development. The reduction of trade, moreover, means unemployment ; and the world is confronted by the spectacle of a vast army of workless men who, sharing in political power, are inevitably tempted to use it for their protection against want. In such a condition, the differences between men become final in character ; the prospect of solving them in terms of reason instead of terms of power becomes a matter of extraordinary difficulty. But the thesis of representative democracy is precisely the willingness to accept the verdict of that reason which is able to win a victory at the polls. It may be that, aware of the dangers which now attend the application of violence to the solution of social problems, our generation will act differently from its predecessors. It is as yet difficult to scan the horizon of politics and discern there hope that this will be the case.



PARLIAMENTARY INSTITUTIONS AND  
THE TRANSITION TO SOCIALISM

By SIR STAFFORD CRIPPS, K.C., M.P.

## PARLIAMENTARY INSTITUTIONS AND THE TRANSITION TO SOCIALISM

### I

IN dealing with the subject of Parliamentary Institutions and the Transition to Socialism it is necessary in the first instance to have a very clear idea as to the type of Transition that is likely to take place. Those who thought that the growth of political democracy would bring about a gradual change in the fundamental economic organisation of society must by now have realised that "Socialism without Tears" is a dream and not a reality. The mastery of the economic life of the country has remained with the capitalist classes. In times of comparative prosperity they were prepared to grant a higher standard of living to the workers, so long as their own standards were not interfered with. But they have always managed so far to retain the complete control of the economic life of the country, whether by cajolery, force, or fear. In the transition to Socialism that control must be wrested from them, and the problem to be considered is whether the forms of political democracy can in any way be adapted to such a service, or whether it is only by violence and bloodshed

that so fundamental a change can be brought about.

The present Parliamentary institutions have been evolved over a long period during which there was general agreement as to the fundamental basis of the economic life of the country. All parties accepted capitalism as the system within which they were to work, and thus there was always a general measure of agreement in the sense of each party accepting what its predecessors had done. Although one Parliament has never been able in theory to bind successive Parliaments, in practice there has been a large degree of continuity. This continuity coupled with the lack of effective desire in any party to change the capitalist system enabled Parliament in times of comparative prosperity to give the appearance of a successful democratic machine.

With the growth of numbers and intelligence in the electorate it was seen that more and more was accomplished in the provision of social services for those whose wages were not sufficient to enable them to make provision in these matters for themselves. But alongside this growth was an increasing prosperity of the profit-earning and rentier class, who were prepared to make concessions to democracy so long as they could easily afford to do so. This rapid growth of social legislation of all kinds within

the capitalist system presented in itself a new problem to the legislative bodies, which had been accustomed to deal easily with all the legislative requirements of the State in the time at their disposal. Sessions became longer, rules were introduced to curtail the interminable discussions, but even so, a serious state of congestion arose and it became necessary to find some new method of dealing with matters of lesser importance. For this purpose Provisional Orders and Statutory Rules and Orders were used. By these devices it became possible for the Government or individual Ministers to legislate within limits laid down by Parliament, subject in some instances to sanction by Committees of Parliament, but more generally in recent times subject to challenge only by a special resolution of the House, annulling the Order. Such special resolutions have seldom been brought forward owing to lack of Parliamentary time and the certain knowledge that they cannot be effective, except to advertise to the country the evils of particular Orders in Council.

Although Orders in Council have seldom been challenged in Parliament, they have frequently been challenged in the Courts on the ground that they went beyond the authority delegated by Parliament to the Minister. This constant danger of challenge

by any individual affected—or more generally by some strong interest affected—has no doubt made Departments careful as to the content of Orders in Council, but the system has the grave disadvantage of leaving the validity of Orders open to attack for all time and sometimes to the most useful and excellent Orders being declared invalid upon some purely technical ground. The control of all Orders in Council should be taken from the Courts and should be a direct responsibility of Parliament, where they should be open to effective challenge for a limited period of time.

The growing use of Orders in Council has been the subject of widespread discussion, but has been accepted by all politicians as the only method of solving the difficulty under the existing Parliamentary system, for by this device Parliament has ridded itself of a great deal of detailed work which has been transferred to the Ministers and their departments.

During times of emergency such as the War and during 1931, the system of legislation by Orders in Council has been used to a far greater extent. Instead of limiting their use to matters of quite minor importance, such as Housing Schemes, etc., under powers given to specific Ministers under special Acts, Parliament has authorised their general use in the most vital matters, thus virtually author-

ising legislation by the Cabinet subject to Parliamentary censure. It is this more general form of legislation by Order in Council which is the most striking development of constitutional methods in this country and which shows the line along which legislation should be developed. But at the present time, although a rapid and broad development along these lines has taken place, no steps have been taken to give parliament any effective control of the legislation so enacted. The existing procedure of Parliament allows neither time nor occasion for any such effective control.

## II

The inadequacy of our Parliamentary institutions for their present task is so patent that it scarcely needs elaboration. At the moment with power in the hands of the combined forces of capitalism, who wield not only the political but also the economic power, the free use of Orders in Council has converted Parliament into an institution to register the decisions of the Cabinet or of the Ministers. But if we were to envisage a strong capitalist opposition and a Socialist Party intent upon seizing control of the economic power the position would be a very different one. In such circumstances rapidity and certainty of action would be essential and the present

Parliamentary institutions would be capable of neither of these.

The clumsiness of the present procedure arises not only from the opportunities that it offers the Opposition of delaying its progress, but also from the inefficiency of the results. Even with a free use of the guillotine and Kangaroo procedures, it is impossible to get a measure of any importance passed in a shorter time than three weeks, unless all discussion effective and ineffective is killed and Parliament is used merely to register publicly the Cabinet's decision. This clumsiness does not arise from lack of man power. Government supporters in the House of Commons have little or no opportunity of doing anything except walk through the Division Lobbies, while the Opposition members often find themselves compelled to make speeches purely for the purpose of delay: their object being to prevent their opponents doing anything effective in the Parliamentary time at their disposal.

But Parliamentary time is not only occupied by passing Bills. The financial control which Parliament is supposed to exercise is one of the most vital of its functions. For this purpose twenty supply days have to be given every year on which the Opposition can raise any matter concerning the administration of any Department borne on a

Parliamentary vote of supply—but no matter requiring legislation can be discussed on these days. They generally result in a desultory debate in an almost empty House, and seldom serve any effective purpose, least of all the purpose of controlling expenditure.

The slowness of Parliamentary procedure arises from the large number of stages through which legislation passes, especially in cases where Bills are committed to a Committee of the whole House, and the fact that the Opposition is traditionally intended

- to waste as much time as possible—a tradition with which incidentally the present Opposition has tried to break. The House of Commons is at its best on a Second Reading debate or when one of its Committees deals with a substantially non-contentious measure. At other times a great deal of its time is wasted in discussing again and again, with painful reiteration, principles or details which are put forward by the Opposition and are never accepted by the Government.

In periods of emergency all Governments have frankly abandoned the attempt to consult Parliament upon the measures necessary to deal with the emergency. The history of war-time legislation, or of the last year in Parliament, amply proves this. It would be impossible to use the leisurely methods

of a Victorian Parliament to deal with any matter of urgency. But it must be remembered that it is actions in an emergency which often bring about far more fundamental changes than the more leisurely legislation of quieter times.

The House of Lords—a survival of feudalism—has hardly any defenders in its present form. Its action is purely one-sided and class-dictated. When the capitalist property-owning class is in power it is ineffective and no one takes the slightest notice of what it does. When a progressive Government is in power, even a capitalist progressive Government, it introduces a further element of delay, or it completely bars the road to progress. There can be no place for such a body during the transition to Socialism, its presence would take away the last chance of such a transition being peaceful.

In the so-called crisis of July 1931 the capitalist classes had become alarmed at what they considered to be the danger of a definitely socialist tendency in Parliament. They thought that if the Labour Government was allowed to continue in power they might have attempted a solution along socialist lines. But while the crisis was maturing Parliament was wholly ignorant of the fact, and when the Cabinet and the country realised the difficulties, no one for a moment thought of summoning Parliament to

deal with it, and the capitalist forces determined the matter by the formation of the so-called National Government. Nothing can demonstrate more clearly the unsuitability of the present Parliamentary institutions to deal with any matter of vital and urgent importance. All that Parliament could do under such circumstances would be to bring about a fall of Government and not to assist in any remedy. Is it then possible under any circumstances to carry through this transition without either a dictatorship or a revolution?

The one hope of being able to accomplish this by democratic means is for the people to understand what is required and to accept temporarily the same sort of measure of Cabinet Control as they are accepting now.

Clearly there will be no time to enter upon a reform of Parliamentary institutions before starting upon the introduction of Socialism. The coming into power of a Labour Government would be the immediate signal for an attempt by the capitalists to precipitate a financial crisis, for it is extremely unlikely that they would yield up the power they have held so long without a hard fight. Those who believe in political democracy desire to stage that fight in Parliament and at the polls and not in the streets or at the barricades.

For one thing we may, I think, be grateful to the National Government. They have made full use of the principle of flexibility in our Constitution. With a flexible Constitution, unwritten and capable of immediate and fundamental alteration at a moment's notice, much can be done, much indeed has been done in the last year. It is upon these precedents—themselves now part of the Constitution—that the Labour Government will have to act.

Until last year it was one of the most cherished principles of Parliamentary Government that no taxation could be levied except by a vote of the House of Commons. The principle of a completely outside body initiating taxation is a fundamental constitutional change, but it can now be done by the Treasury on the recommendation of the Tariff Commission. In theory Parliament can hand over any or all of its powers to any Minister or any outside body it chooses for as long as it wishes. Such powers must, of course, always remain under the ultimate control of the Government, that is of the Cabinet. All that is necessary is for Parliament to decide the ambit of the powers so handed over and the manner of their exercise.

As it has been already stated, it is possible now for an individual to challenge in the Courts the use

of any particular power so exercised by a Minister as being outside the sphere determined by Parliament. This inconvenience must be removed, as it can be in the legislation granting the powers. The question of validity of Orders made under Acts of Parliament giving powers to legislate by Order in Council should be reserved for decision by Parliament, and should be incapable of being raised after a comparatively short period of time, if at all.

### III

The first measure to come before Parliament under a Labour Government should be the Enabling Act to deal with the Emergency by Orders in Council. The powers granted must be of the widest nature so that no loophole will be left open to capitalist attack. Armed with such a weapon a Labour Government will be able to take all such steps as are necessary to deal with the immediate emergency as it develops. Further, some outside body on the analogy of the Tariff Commission should be appointed which will make available the advice of experts, socialist experts, who can watch closely the economic position and recommend the practical steps necessary for dealing with critical situations in this or that area of the economic life of the country.

But the first great contest will no doubt arise with the House of Lords. In this case the flexibility of the Constitution cannot be called in aid, as it is necessary for the King, Lords and Commons all to pass the Emergency Powers measure before it will be recognised as effective by the Courts. The action which is taken by the House of Lords will no doubt depend to some extent upon the size of the Government majority, but a refusal to pass an Emergency measure must be anticipated and steps to deal with such a refusal must be thought out. The constitutional expedients are two: to ask the King to create sufficient new Peers to ensure the passage of the Bill, or to request a dissolution of Parliament and a fresh election on the direct issue of the abolition of the Lords. The former expedient would be the more effective, as the Emergency Powers Bill would then be so drafted as to allow of the immediate setting up of a unicameral system and the abolition of the Lords. One or other of these expedients will no doubt have to be resorted to, as there can be no doubt that a transition to socialism demands a unicameral system even if some form of revising Second Chamber is to be constituted afterwards.

Although the Emergency Powers will enable the immediate and critical difficulties to be dealt with

outside Parliament they will not assist in making effective any democratic control of legislation. They would indeed almost certainly lead to the setting up of a virtual dictatorship and the definite abrogation of Parliamentary Government unless some immediate steps are taken to adapt the procedure of the House of Commons and the constitution of the Ministry to the new task of bringing about a fundamental change in which continuity of policy will find no place.

What then is to be the function of the House of Commons and how is it to be reorganised so as to perform that function? We must remember that we are dealing with the period of Transition only and not with any permanently reformed system of Parliamentary institutions which may emerge from that period of Transition. Socialism will have to be brought about according to plan. The Plan financial and industrial will form the central point of the Parliamentary activities, and the determination and direction of that plan will be the main problem for Parliament, if Parliament is to have any effective say in the development of the Socialist State.

The devising of the detailed administrative methods for the working out of the Plan are not matters with which the House of Commons need concern itself. Ministers with the advice of their

administrative staffs and experts should handle the detailed work. Full powers to that end should be delegated to them with an opportunity for Parliament and not the Courts to see that they do not abuse or exceed those powers.

The efficiency of the Government, which is even more vital than the efficiency of Parliament, will largely depend upon the proper organisation of the Cabinet and Ministry. The devising of the Plan and the laying down of the main lines of its progress will be the function of the "General Staff." A small Cabinet or a Committee of chief Ministers, released from the day-to-day work of administration by efficient junior Ministers, should be responsible for this work, and for the presentation to and passing by Parliament of their Plan.

The Planning and Finance Bill will be the central feature of Parliamentary activity as is the Finance Bill to-day, and will lay down the main lines of advance for the year. Once the principles of the Plan have been accepted they should not be open to discussion again during the year. This limitation of the area of subsequent discussion can be accomplished by means of a special resolution debarring further debate during the session upon matters already dealt with. A resolution to this effect was made use of during the present session

of the National Government to avoid the raising of any question of Tariffs during the discussion of the Budget. All other legislation will thus be subordinated to the Planning and Finance Bill and will be of secondary importance as dealing with more detailed matters affecting one or two departments only.

The control by Parliament of ministerial legislation by Orders in Council will be carried out by the Standing Committees dealing with the affairs of the various Departments, which will have the right to bring before Parliament any Order in Council which they consider should be challenged on the floor of the House.

Some means must be devised for utilising the services of members of Parliament far more effectively than at present. The decision of the broad lines of the Plan by the people's representatives should be the keynote of the new Parliamentary procedure on the floor of the House. For this purpose full time should be given under a guillotine resolution for a Second Reading debate, a Committee stage and one final stage incorporating report and third reading, during which Government amendments alone should be allowed to be put forward. The remaining Bills of the session would require very short Second Reading debates only, and would

then be referred to the appropriate Standing Committee or Standing Committees, where a vigorous use of the Kangaroo should enable effective revision to take place without undue delay. A final short stage for the introduction of any necessary consequential amendments by the Government and the general "cleaning up" of the Bill would complete the process. For every Bill there should be a programme of time by a guillotine resolution including a time-table for the Committee work. A time-table is always effective to cut out unnecessary discussion, as it is realised that long speeches by the Opposition will not mean delay but a loss of their own time for effective debate.

One other matter is of great importance for the success of Parliamentary procedure. At present a defeat of the Government upon almost any matter—except the most trivial—is looked upon as fatal. This is wholly unnecessary and illogical. Provided that the Government can retain the confidence of the House in matters of first-class importance, defeats on matters of detail should not have any effect upon its term of office. If this principle is accepted it will add greatly to the utility of debate and will enable even Government supporters themselves to put forward suggestions without fear of consequences.

I have already mentioned the Standing Committees of the House dealing with the activities of different departments. Around these Committees will be grouped most of the remaining activities of the House. Every member of the House will serve on one of these Committees, and they will be continually in session so long as the House is sitting, and should be capable of being summoned even when the House is in recess. The appropriate Ministers or Under Ministers will attend the Committees and their deliberations will be open to the public. Their duties will be two-fold. To them—or in special cases to two such Committees sitting together—will be committed all Bills passing through the House with the exception of the Planning and Finance Bill. They will control the delegated powers of legislation exercised by the Ministers, in the sense that the question of the validity or legality of such Orders will be capable of being raised by members of the Committee within a specified time after they have come into force, and if the Committee so decide a special resolution upon the matter will be brought before the whole House. Lastly, they will take over the control of supply to the particular Departments with which they deal, with this difference from the present procedure, that upon the debate on supply

in Committee, matters requiring legislation will be able to be discussed. The work of these Committees, as of the House, will be regulated by a time-table to avoid waste of time by delaying tactics and a limited number of days will be set aside for dealing with the general question of supply.

It will be necessary in some cases to subdivide the duties of those Committees dealing with special topics. The Committees would be capable of taking a real interest in the activities of the Departments with which they were concerned, and every member would have an opportunity of making some useful contribution to the control and initiation of legislation. They would be in session each morning while the House was sitting, and at times when the House as a whole had no work to do could continue in session throughout the day.

There is one other feature of Parliamentary control for which provision would have to be made, and that is the bringing forward by the Opposition of matters which require elucidation or upon which they wish to censure the Government. This is at present done to some extent upon supply days and also upon formal resolutions of censure. It is necessary to have some opportunity for matter of this nature to be discussed, but the opportunities need not be of great frequency. A specified

number of days should be allotted to the Opposition throughout the session upon which they can raise any matters that they wish, including suggestions for new legislation if they so desire. A maximum of ten days might be so allotted at regularly spaced intervals and the Opposition would—as now—give notice beforehand of the matters that they will raise.

It may be thought that the relegation of debates on supply to the Standing Committees will deprive Parliament of effective control over the spending of monies voted by Parliament, but to a great extent this will be already determined in the Planning and Finance Act of the year. There should, however, be a provision by which, if any Committee pass a vote adverse to the Government upon a debate in supply, the matter comes automatically before the whole House at an early date. No adverse vote in Committee otherwise should have any effect upon the Government, though obviously repeated defeats in a particular Committee would shake the confidence of the country in that department with which the Committee was concerned and might lead to a change of Minister, or a vote of censure being tabled in the House by the Opposition.

With this procedure there should be ample time for the House of Commons to get through its work

without sitting all night and without unduly long sessions, though it would be better to have the House continually in session—apart from an annual recess—and to limit the sittings to fewer days in the week, so that members might have a part of each week to spend in their other activities.

#### IV

I have so far only dealt with the delegation of legislative functions to Ministers; but already a great deal has been done in the way of delegation to Local Authorities. The question of Local Government is far too great a subject to be considered here, but there is no doubt that this delegation of legislative functions in all kinds of matters of detail will have to go forward, though it will be necessary to reconsider and rearrange the units of Local Government for the varying functions which they perform. Already it has been realised that in many cases the present local areas are too small and that regional districts must take the place of the present local areas with increased powers of local legislation for the Regional Councils. These Regional Councils will require to be linked up definitely with the central administration, and every opportunity should be given for members of Parliament to form these links.

During the Transition a great deal of propaganda

in favour of the Plan will be required to explain the object and its working and to ensure the Regional Councils working in sympathy with the central administration. For this purpose members of the Government party in the House of Commons will be invaluable, as they will all of them have the opportunity through their Standing Committee of becoming familiar with at least one branch of the Plan. The time that can be saved in the House of Commons can be fully utilised by them in their own districts, and they will form an essential and vital link in the chain of success.

As I have already said, the success of the Government will depend largely upon the competence of the General Staff. The Cabinet as at present constituted cannot be efficient, as its members have little or no time for considering the wider aspect of a National Plan. They are so fully immersed in day-to-day emergencies and the administration of their own departments that any discussions on wider subjects in the Cabinet are ineffective and useless. In the first instance the Departments will require rearrangement and regrouping under some half-dozen or so different main heads. At the head of each group will be a principal Minister, and under him a Minister in charge of each unit of the group with assistant Ministers is necessary.

The probable lines of rearrangement of the Departments would be to bring them under the following main heads:—

**FINANCE** { Banking, etc.,  
Treasury.

**INDUSTRY** { Board of Trade,  
Mines,  
Ministry of Transport.

**SOCIAL SERVICES** { Ministry of Health,  
Education.

**EXTERNAL RELATIONS** Foreign Office, Dominions,  
Colonies, India.

**DEFENCE** { Army,  
Navy,  
Air Force.

**LAW and ORDER** { Home Office,  
Lord Chancellor,  
Attorney-General.

### ECONOMIC PLANNING.

The senior Ministers of these Departments together with the Prime Minister would constitute the General Staff of the whole Cabinet. Each of the Sub-Departments would have its own Minister, who would be responsible for all the day-to-day administrative and Parliamentary work concerned

with the Sub-Department. The principal Ministers, freed from day-to-day administration of their Departments, will limit themselves to a very general supervision of such matters as would be of sufficient importance to demand a decision by the whole Cabinet. Except during the discussion of the Finance and Planning Bill and the debates on Opposition days they will not be expected to be in the House of Commons nor to attend the Standing Committees unless matters of exceptional importance are being discussed. Time will thus be available for them to consider the most important question of all, the formation and carrying out of the Plan and its adaptation to external circumstances. In the Transition not only will the Ministry and Parliament play an important part, but the Party too will be of vital importance.

Whoever the Prime Minister may be, he will be of no importance as an individual, but only as representing the party, and it will be essential for the success of the Transition that his position should be clear. At present the Prime Minister appears to owe allegiance to the King only and none to the party. It should be impossible for any man to hand over the Government to his opponents except by the decision of Parliament or his party. The responsibility of the Cabinet is collective and the

Cabinet is in power as representing a party with definite views and definite desires. So long as that party can maintain its position as a majority in the country there should be no possibility of the Prime Minister handing over the Government to any other party unless by direction of the party itself.

In the carrying through of a transition to Socialism it is impossible to over-estimate the importance of party loyalty and solidarity. Just as the spirit of the Communist Party organisation in Russia has made possible the operation of the Five Years Plan, so the transition to Socialism will only be possible in this country by a party inspired with the sense of devotion and solidarity which alone can be the motive power for the Transition. Parliament may be made efficient, a victory may be won at the polls and power obtained, but all these will be useless to overcome the economic power of capitalism unless the whole Labour Party is prepared to meet the inevitable difficulties and disappointments which are bound to occur before final success is obtained with a spirit of devoted service and self-sacrifice. That should be for us the great lesson of the Russian experiment. Once the party is in power it will have to be ruthless as regards individuals. Those who do not devote themselves whole-heartedly to the active propagation of the Plan must not be

allowed to have the power to hand over the fortress to the forces of capitalism. The party must have power to choose the Prime Minister and also to dismiss him without making any dissolution or alteration of Government necessary.

All these measures will be to deal with the emergency of the Transition—a Transition which may take many years to complete in all its detail, but which must start on the day a Labour Government takes power. During that Transition there will no doubt be an evolution of Parliamentary procedure to fit the changing circumstances, but these must not be left to chance and a spirit of *laissez-faire*. The temptation to dictatorship will be almost overwhelming, it is so much easier and much simpler for those in power. The criticism of opponents is stifled and faults in administration and planning are slurred over. If dictatorship is to be avoided it will only be by a most vigorous effort to adapt Parliamentary procedure to the necessities of the new system.

So long as the fundamental issue between capitalism and socialism remains there will be no room for compromise, and no possibility of any continuity of policy under alternate Governments. Once the Socialist State has been established and accepted by the people, I hope that the more critical difficulties

of the transitional period will disappear, since the difficulties will largely arise out of the fierce opposition of capitalists to the change-over.

There will be four main functions of Parliament in the Socialist State :—

(1) As representing the mass mind of the people, the whole Parliament need not concern itself with the details of supervising the nationalised services or publicly controlled industries, but it will still have to retain its power over the main lines of policy as laid down in the annual Plan.

(2) There must be ample opportunity for discussion and criticism of the Government's defects and shortcomings. Such criticism is essential both for the wise conduct of Government and for securing the obedience of the people to legislation.

(3) Parliament must exercise final control over Ministerial and Government decrees, as otherwise the Cabinet will inevitably become a dictatorship.

(4) And, lastly, Parliament will almost certainly have to act as the final arbiter between the consumer and producer, by setting up machinery to deal with the inevitable differences of outlook that will always exist and by retaining in its own hands the ultimate decision on such matters.

It is impossible to foresee the form which Parliamentary Institutions should finally take in the

Socialist State, but it is certain that the system must be unicameral so far as sovereign power is concerned. It is possible that for the purpose of giving the correct form to legislation and for some minor legislative functions a Second Chamber may be set up, but if it is it will have to be subject to the decisions of the House of Commons and must not have any sovereign power of its own.

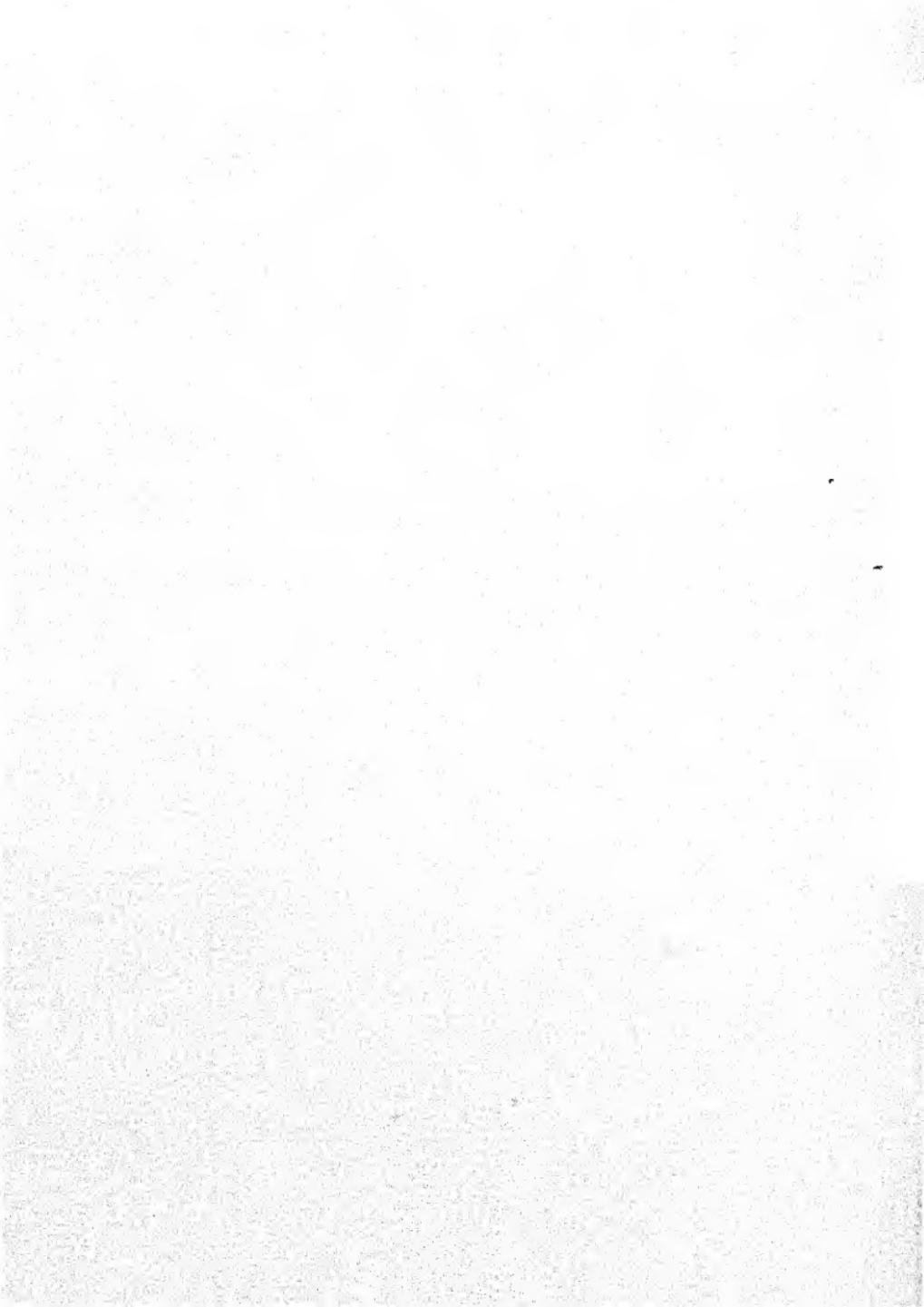
If the development during the transitional period takes place on the lines which I have already suggested, the foundations will have been laid for an effective and useful Parliament which will have all those general powers of control that are essential while avoiding the hopeless congestion which at present exists.

The realisation of the four main functions of Parliament in a Socialist State should be the object of Parliamentary reform during the transitional period, and if these are kept consciously in view and other unnecessary activities are sacrificed, then there will be a chance of developing an effective machine for democratic control. The reforms instituted during the transitional period will pave the way to such an accomplishment, and doubtless as the Transition gradually passes into the complete realisation of a Socialist State there will be fuller opportunity for adapting procedure in detail to the

changing demands. At all costs we must retain the flexibility of our Constitution and we must not be afraid to make alterations as often as they appear necessary. A constant and vigilant study of Parliamentary reform is absolutely essential, since unless Parliament is capable of exercising a real control, we shall inevitably lapse into a state of dictatorship, which would in my opinion be a real tragedy.

# **FINANCIAL INSTITUTIONS IN THE TRANSITION**

**By HUGH DALTON**



## FINANCIAL INSTITUTIONS IN THE TRANSITION

### I

IN September 1931 there was a General Election in this country. The Labour Party, in their manifesto on the eve of that election, warned the electors that the choice before them was either to plan their economic life or to perish. By a majority of two to one they voted in favour of perishing. Since then their votes have come home to roost.

We have to-day in this country many alleged advantages. We have a so-called National Government, still under the Premiership of Mr. Ramsay MacDonald. We have cheap money in the City; so cheap that if it becomes much cheaper, people will have to be paid to take it away. The one thing, indeed, which, in my judgment, this Government has done well, is its series of conversion operations on the Public Debt. Mr. Neville Chamberlain has done much better in this respect than Mr. Philip Snowden, who was continually missing the boat for his conversions. But Mr. Neville Chamberlain has done better because it was almost impossible even for a blind, deaf, dumb and mentally deficient Chancellor of the Exchequer to fail to take great

advantage of the prevailing cheap money conditions.

Then we have other advantages. We have tariffs now on almost everything. Time was when one of the Conservative slogans told us that "Tariff Reform means Work for All." We have tariffs to-day; and we have rather more than three millions unemployed, many of whom are excluded from the official register, but are none the less without work. We have three millions unemployed; which is considerably more than at the top peak of unemployment reached under the late Labour Government. In spite of tariffs, in spite of cheap money, in spite of the talented and high-class Government now ruling us, in spite of the economy stunt, which is running to extreme lengths of social folly, in spite of all these advantages—the country is in a very bad way. Not even Mr. Ramsay MacDonald himself denies that.

We are not peculiar in being in a very bad way. I have recently fallen into the habit of using the phrase "the Capitalist West." Perhaps that is because I recently spent a few weeks in Russia; and, seen from Russia, the whole picture seems to merge together into one great blot of tragedy. In the rest of the Capitalist West (which the German philosopher Spengler would call the Declining

West), the situation is very much the same as here. Unemployed are counted in tens of millions. Bankruptcies are counted in thousands. Primary producers are everywhere ruined, or on the verge of ruin. Everywhere feeble efforts are being made to restore prosperity by planless restrictions—not by restrictions having a plan behind them, but by planless restrictions—on trade, on exchange, and on production. Such measures are seen in operation throughout the Capitalist West, including in that geographical category the United States of America. The variations in detail from one country to another are only superficial. In the capital of the British Empire, hunger-marchers are dispersed by police charges. In the United States of America it is farmers who are the hunger-marchers; and they propose to descend upon Washington, not on foot, but in their motor-cars. "Capitalism in the shadows" might well be the title of this world-wide dramatisation of economic anarchy, this ironical triumph of planlessness. We see around us a growing paralysis, which it would not be unfair to call a general paralysis of the insane.

I have mentioned that I recently visited Russia. No illusions should be cherished about that great country. There are some points in their favour

as compared with us. In the Soviet Union at least they are *trying* to plan: we are not. We are not trying to do anything except reduce the heavy burdens of the rich by economising at the expense of the poor. In the Soviet Union they are trying to plan; and they have some constructive ideas. They may be misapplying them; but at least they have got them. Not only are they trying, but they look as though they were trying. They are making errors; but trial and error is better than monotonous error, without trial. And in the Soviet Union they have come within measurable distance of achieving a classless and equalitarian society. They have not got there yet; the G.P.U. is a different class, for all essential purposes, from the mass of the peasantry. But they have come much nearer than any other country in the world. They have set in motion a most astonishing Industrial Revolution. They have succeeded for the moment at any rate—it may not last, it may not hold—in planning away unemployment. That is a tremendous achievement, even if it proves to be only transitory. Above all, they show an eagerness and faith and drive which puts the West to shame.

On the other hand, the Russians are short of food and short of freedom—as we understand freedom—

though of some forms of freedom they have more than we. It is also true that, judged by Western standards, they are inefficient in a thousand ways, and that their standards of life are low and hard.

They are confronted by mountainous practical difficulties of every kind. I could not lightly recommend any of my friends in the County of Durham whom I represented in the last Parliament, and may perhaps one day represent again, to go to Russia and take a job in the Donetsk Coal basin. But a point which greatly interested me, in contrast with so much of our humbug and make-believe, was the frankness with which all their difficulties were faced by people in official positions. Molotov, for example, one of the ablest of their Commissars, was reported in the press as having said that in the Soviet Union there was much to mend. He said, "In Capitalist countries there is in every industrial establishment a plan, but outside there is a general anarchy. In the Soviet Union, on the other hand, there is a general plan, but inside many of our industrial establishments there is anarchy." I cannot believe that a system will easily be wrecked in which the leading men so bravely face the facts, and tell them to the general body of the public. I returned feeling that any planned economy which we might create in the Capitalist West, in

such sectors of it as we might win for Socialism, would be a very different planned economy in many essential respects from that which they were seeking to establish in the Soviet Union. But I returned reinforced in my prejudice, which I took out with me, that in the life of the individual, and of the community, it is better to plan than not to plan. I came back humiliated to find that there was no evidence here of any comparable boldness, of any comparable vision, or of any comparable drive.

In the Soviet Union there are special conditions, some very favourable to a planned economy and others not. One of the conditions favourable to a planned economy is its enormous size, one-sixth of the earth, 160 million people. Another is the existence of enormous natural resources within it. These are very great advantages for economic planning. There are other tracts of the world's surface where economic planning would be not much less practicable. In the United States of America it would be nearly as practicable. And in the British Empire, in its broadest sense including the Dominions, Colonies, and Dependencies, an almost self-sufficient planned economy would be possible, provided, which is not the case, that the British Empire were a unitary state, willing to be governed and directed from one centre.

But when we pass from these large potential planning areas to the actual national states which cover the map, such as Europe, with its petty sovereignties, it is obvious that such planning is extraordinarily difficult. For England questions present themselves concerning external trade under any planned economy; and into those I do not propose to enter. But it is clear that the small size of our country, and our inevitable dependence upon external markets for a large part of what we judge to be necessary for our standards of living, make it very difficult for us to contemplate planning in as bold and comprehensive a way as it is possible for the Soviet Union to do. Further, of course, it is impossible to conceive of an effective planned economy without at any rate some considerable measure of social control, such as Socialists desire to see introduced into our economic life. Consequently, the prospects of planning in the West at the moment, taken in conjunction with the existence of petty national sovereignties and little dwarf states, are not very bright.

The Capitalist West has other disabilities also. Its main disability, indeed, is that it is almost wholly Capitalist. There are only little oases of semi-Socialism, as in the City of Vienna. But when I have tried to picture clearly to myself the

difference between the Soviet Union and the National States of the Capitalist West, I have found myself putting it in physical terms. The Soviet Union is like a raw young giant, very strong, capable of great privation, not very sensitive, not very cultured, still something of an Asiatic nomad. The Capitalist West contains national states which in contrast with this raw young giant are sophisticated, middle-aged, under-sized, and not in the prime of health. The planned life possible for the raw young giant of the East, which he can sustain and make good, might kill off very soon the sophisticated, middle-aged, under-sized, less healthy Westerner. If we pursue that analogy, we may get a certain elaboration. In the Soviet Union many people in the middle years of life were killed in the War. They have that disability in common with us. On the other hand, many of their old people were killed too, by war, privation and famine. But, as against this, they still have a high birth-rate; and they have been looking after their children and reducing their infant mortality very rapidly. The result is, that in the Soviet Union there is what the statisticians call a favourable age composition; not too much of the dead-weight of old age, a high proportion of young people, a good average of vigour, and a low average age

in the community as a whole. Western communities, on the other hand, have a high and rising average age, and an increasing burden upon the energies of the young in the form of an increasing proportion of elderly people, past work and, some of them, past thought. There is not only a dwindling proportion of young people, but a dwindling absolute number of young people. And thus the countries of the Capitalist West are in many respects gravely handicapped for making the great experiment of bold economic planning. They are stiff in their institutional joints, limping on the lame leg of social inequality, handicapped by rigidities of every kind. I hasten to add, that, when I speak of rigidities, I do not use that word as some of my colleagues in the academic life of the Universities use it, as a euphemism for wages which they think are too high. I use it in a more literal and more comprehensive sense—rigidities of class distinction, rigidities of habits of thought, rigidities in business methods, rigidities of every kind, which hinder planning and hinder deliberate adaptation to new social requirements. From such rigidities the Soviet Union, by comparison with us, is very free.

We in the West cannot escape from the effect of the War upon the residue of the War generation.

In this and other countries many of the ablest men, who would now be between the ages of thirty and fifty, are not here. Because they are not here, we are weakened. Moreover, of those who did physically survive the battle-fields a large number have suffered in various ways, sometimes obscurely. In addition to those who were wounded in the War, consciously and visibly wounded in the War, there are many who have minds and hearts that are war-soiled and shell-shocked, so that they are incapable of making the full contribution which they might have made. In Russia, by reason of those qualities of theirs which I have indicated, that factor counts for less than in the West. But it is one of the continuing disabilities under which we suffer.

I have dealt with some of the underlying difficulties of making a planned economy in this or any other typical dwarf state of the Capitalist West. These dwarfs, moreover, suffer not only from all the attendant discomforts and limitations of being dwarfs, but they are also addicted to nerve storms at the sight of one another. A great part of our present troubles is due to the fact that, among these dwarfs, national hatred and national fear are passionate emotions. The last war, it seems, was insufficient to satisfy the appetite of

some of those who survived. He would be a fool who felt sure to-day that there was no danger of another war in the world. There *is* danger of other wars in the world; and I could indicate more than one point where they might flame up and begin, and from that point spread. These little states, instead of seeking to plan their lives and to create, in the short span between the birth and death of their present citizens, some light, some hope, some true self-expression, some joy, instead of setting such ideals before them, gibber about security and insecurity, dis-armament and re-armament. The smaller they are, the more dwarf-like they are, the more remote from any possibility of self-sufficiency they are, the more they babble of self-sufficiency and think of this as the only means to what they call security. The United States of Europe remains a distant dream.

## II

The contemporary picture having been painted as black as I think it deserves, the problem of economic planning in this country and the elements which, as it seems to me, must be present in any British national plan must now be considered. A British planned economy should aim to plan away unemployment and great inequality, and

to raise average standards of life. It was put to me the other day that any sensible scheme of planning will begin with the available population. It will seek to plan, in the mass, the lives of the available population in such a way as to remove that most grotesque of all the phenomena of modern Capitalism, namely, mass unemployment. We must, therefore, begin by considering what working population we have, and how best that potential working population can be set to work; and what part of that potential working population should be handled otherwise than by being set to work. Here we are reminded of certain very simple and untheatrical proposals, which Labour Party Conferences thought years ago should form part of any practical Labour policy. I will mention here three familiar, but to my mind very important, lines of policy, which would form part of any scheme of basing a national plan upon the available population. First, the prolongation of the period of effective youth, through the raising of the school-leaving age. Just why the late Labour Government made such a mess of that very simple initial bit of policy I do not know. It should have been in the first King's Speech; and it should have been done in the first Parliamentary Session. It should be one of the first steps in any planning scheme in the

future. Personally I see no reason why we should not establish a minimum leaving age of fifteen, with power to any Local Authority to make it sixteen, and with a clear determination to make it worth while for many Local Authorities, especially in the depressed areas, to make it sixteen. I have never been persuaded by any arguments adduced to show that raising the school-leaving age would increase unemployment. I may have been bemused by a study of bad economic theory, but I have never been able to believe that.

Secondly, at the other end of the scale, it was an important part five years ago, of what was then called the immediate programme of the Labour Party, that in the coal-mining areas of this country miners should retire with pensions at sixty years of age from their peculiarly arduous labour. The right retiring age varies with the nature of the occupation. Many people can go on working beyond sixty years of age, particularly in these days of improving standards of health; but the miner is entitled to retire at sixty. We had reason to believe that this, too, was going to be one of the projects put into the first King's Speech in the first Session of Parliament. The money could have been found within the industry by levies on royalties and on tonnage. An essential element in future

planning is to establish schemes of retiring allowances; and my own preference would be to do this upon an industrial basis, distinguishing between one industry and another, according to the degree of labour involved in the occupation, according to the amount of unemployment prevalent in the industry, and according to other considerations special to the industry. I would like, industry by industry, to institute these schemes of retiring allowances so as to draw off from the labour market some of those who have well earned the right to retire. That is an element in planning policy.

Thirdly, still in this category of ideas, there was drafted, long, long ago, an instrument called the Washington Convention, which provided that the hours of labour should be limited to forty-eight a week. We always used to say that the Labour Government would ratify the Washington Hours Convention. But it was not ratified when last we were in office. International agreement might enable us to go still further in the reduction of hours. But at any rate, the forty-eight hour week of the Washington Convention seems to me the very least that ought to be attained at a very early stage.

Raising the school-leaving age, providing earlier

pensions and diminishing hours of work are none of them Socialist measures; but they are in my view an essential part of a planning scheme which starts from a consideration of the available population.

### III

Passing from these proposals to Socialist measures, we must also consider some of the socialised industries and socialised services which would form very central features in a planned economy in this country. In the first place there is the question of growing our own oil at home. When I was serving in the Foreign Office, I came to realise the political disadvantage of having to rely for our oil supplies upon Persia, Irak, and other foreign sources of supply. There are other reasons for growing our own oil at home as well as the very proper desire to use our coal resources more effectively, and to afford socially useful employment for our mining population. In my view the case is overwhelming, when we take into account all relevant considerations, in favour of deliberately spending money in order to create an oil-producing industry at home based upon our own coal. The chemists have solved the technical problems, though one hopes, of course, for still further invention in

this field, so that it may be possible to produce oil from coal even more cheaply, in terms of money, than can be done at present. But it would be worth while for a time even to lose a little money, judged by the narrow criterion of a balance sheet, in order to establish that industry firmly in this country.

Here I would like to include a purely personal suggestion, which is not intended to commit any of my colleagues. It is that we may well finance the erection of up-to-date, nationally-owned plants to manufacture oil from our own coal, not by borrowing, but from the proceeds of a tax upon the oil now coming into this country from foreign sources.

In the second place I would like to see Mr. Herbert Morrison given a completely free hand, with a strong Parliamentary backing and a strong backing in the country, to nationalise the Transport system of this country and to electrify the railways when nationalised. I am quite confident that that is a job which ought to be done. One of the chief reasons for electrifying a nationally owned railway system is that the effect would be to reduce the cost of electricity, to all non-railway users, for lighting and heating and power. This would mean a greatly increased demand and a more even load, and so at once cheaper electricity. It would not only do a good turn to

the electrified transport system, but it would do an equally good, if not a better, turn to all the consumers of electricity outside the system, by enabling the price to them to be reduced. These may be prosaic considerations, but to my mind they stand very near the centre of any scheme for the reorganisation of our economic system on a planned, Socialist basis.

If I were asked to summarise in one sentence the necessary conditions of success of such a scheme, I should say that it would be necessary to develop it on the basis of the social control of the use of land and also the social control of finance. On that basis we could erect a system of cheap socialised electric power, and of cheap socialised transport charges. When that has been done, the next stage will be much less difficult. We can begin to put industries where we want them, and can socialise them in any order we think best. We can influence the flow of population. We can breathe back new life into the dead bones of the depressed areas. We can, for instance, influence the manufacturers of electrical gear to go into Durham, or Glamorgan, or Lanark, or wherever necessary. People who want to start new factories in the countryside can be made to go to the depressed areas instead. Big housing schemes can be accelerated; agriculture

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reorganised; and a much higher tempo in afforestation effected. We can allot large tracts of still unspoiled country to be enjoyed as national parks by hikers, or wanderers, or botanists, or philosophers. Land, finance, cheap transport and cheap electricity, all these four under social control, are the basis of the whole structure. In my view, if people have that, everything else will be added unto them, as and when they care to come along and claim it.

#### IV

With regard to the modes of finance for a planned economy, I want to lay down one or two very simple propositions. First of all, the Labour Party does not favour financing these schemes by inflation. Party Conference decisions have pronounced more than once against both inflation and deflation. So that is ruled out. In the second place, if we are going to march with tolerable rapidity into a Socialist Commonwealth, the rich we shall not have always with us. Therefore, we have to adjust our system of finance to the possibility of doing without them. From that it results that our socialised sector, which we hope will be a growing sector in our industrial life, must be prepared, and must be financially able, to do two things. It must

be so organised as to be both revenue-yielding and, to some extent, self-financing. Our socialised sector must be prepared, and must be able, increasingly to contribute revenue to the general pool. Further than that, our socialised industries must be to some extent self-financing in the sense that they will provide part, at least, of the funds for their own proper expansion and development. That will be the Socialist counterpart to the undistributed profits of Capitalism. On the other hand, there is some evidence that the rich are becoming thriftless. Attention to this is drawn in a very able book by one of our younger economists, who is also a Socialist, Mr. Colin Clark, who is now teaching at the University of Cambridge. He has just written a book entitled *National Income*, in which he gives some figures about the national savings from year to year. They have been falling off very fast. If it were not for the savings of comparatively poor people, who put money into Building Societies and Co-operative Societies, the total savings would be falling even faster. And if this be so, the rich are losing the last academic justification for their continued existence.

It used to be said that the rich were a kind of automatic money-box, and that they should be preserved carefully because they saved. It used also to be said

that under Socialism there would be no saving. The late Alfred Marshall said that a Socialist State would never save enough to maintain even its existing standard of life, let alone to increase it. In the Soviet Union they are saving a record proportion of their national income—probably too high a proportion. In this country we are saving much less than we used to save in days gone by. Therefore, my practical conclusion is we should seriously consider the creation of a Development Fund, fed out of taxation. Part of our tax revenue should be devoted to capital purposes under State control and in Socialised enterprises. I would like to create "revolving credits" out of this Development Fund. People would be taxed according to their capacity to pay, and then the money lent to Socialised industries on reasonable terms, and as credits were repaid by one Socialised industry they would be lent to another. That is the kind of plan which I suggest is worth working out in more detail.

I want to pause here to consider the ghost of the immortal rentier which haunts some Socialists. They say that if you nationalise an industry and compensate the shareholders and have an elaborate sinking fund provision for paying them off after a period of years, all you are doing at great cost to yourself is to sweep out rent, interest and profit from

the backyard of your Socialised industry into the main street of the national economic life, where it is social rubbish still.

There is some force in that contention and this ghost can best be laid by dealing firmly with the institution of inherited wealth, to which Socialists in the past have paid too little attention. Great inheritances are the least defensible of all the by-products of Capitalism. It takes a very sturdy supporter of the present system to justify the transmission of these enormous lumps of wealth, which are still enormous even after the deduction of death duties, from one generation to another. More than twelve years ago I wrote a book on this subject,<sup>1</sup> and from time to time since then I have thrown a fly, vainly so far, over various Commissions and other such bodies, seeking to interest them in the remodelling of our inheritance arrangements. One practical proposal which I offer is this. On the passage of a fortune at death we say, "So much of this the State takes in death duties." And there is no sanctity in the present scales of death duty, which may be capable on some levels of wealth of a substantial increase. But after the levy of death duties there remains the net fortune, which accrues as the purest form of unearned wealth to the heirs or legatees.

<sup>1</sup> *The Inequality of Incomes* (Routledge).

Of this residue a considerable proportion should be exchanged, by process of law, with the Treasury for a terminable annuity. Thus, supposing that a man inherits £20,000 net, after paying death duties, the law would provide that the excess over, say, £10,000, would be handed over to the Treasury in various appropriate forms, which would be prescribed, and would include Government securities and stock charged on any Socialised industry. The Treasury would give him, in place of this, a terminable annuity of equal annual value, for a term of, say, twenty years, or ten years, or for life. There are many alternatives when we come down to details. But the essential point is that, in exchange for the issue by the Treasury of terminable annuities, the State would obtain ownership and control of an ever increasing part of the wealth of the country, as it passed at death. The result would be that, if such a scheme were instituted, as the years went on we could increasingly transform both our dead-weight National Debt and the debts and charges on our Socialised industries from permanent liabilities, which could only be ended by repayment of the principal, into terminable liabilities which would end without any repayment of principal. There would be no need for sinking funds, except to accelerate a process that was already going on.

Our debt charges would be silently eaten away by time. The terminable annuity would be an incinerator for privately appropriated rent, interest and profit.

I have indicated one or two lines along which financial policy should be developed in connection with the creation of a planned economy. There is a statistical background to these arguments which may be found in a recently published book which is far more instructive than many tomes by learned men, namely, the 74th Report of H.M. Commissioners of Inland Revenue. Tables 22 and 23 in particular in that volume should be studied. They show how over a term of years the rich have died, leaving great possessions behind them. It is an amazing and a shocking story. In the last year recorded twenty-two millionaire estates fell under death's hammer, and thirty-two other estates of between half a million and a million. In spite of the trade depression, and increasing unemployment and poverty, the aggregate of property passing at death, and the aggregate left by the very rich, have steadily increased. And, in spite of the trade depression, the number and the aggregate income of surtax payees have suffered no appreciable diminution.

Let us not lose sight, among our Socialist objectives, of the destruction of snobbery and of sharp

class contrasts. Let us pursue an equalitarian policy. Let us not lose our sense of natural disgust and indignation at the spectacle of one person dying "worth," as it is said, £500,000 and others, not less faithful servants of the community, dying "worth" a few scraps of household furniture and a trivial life insurance.

Not all Socialists stress the importance of social equality. But Mr. Bernard Shaw has done so, and every intelligent woman is under an eternal debt to him. And so has Mr. Tawney, who addressed his book on Equality to persons of both sexes. Those two have done a great propaganda for equality. And it comes to my ears that, among the younger generation of Socialist economists in this country, there are several who also have equalitarian ideals near their hearts, and I am glad it is so.

At the Leicester and Scarborough Conferences of the Labour Party, a series of important decisions were reached on financial policy. No doubt many people have read the resolutions passed at Leicester and Scarborough, and many will have read the series of speeches that were made, in a debate which was maintained on a very high level at the Leicester Conference. These decisions now guide the policy of the Labour Party. These decisions relate to the gold standard, to price stabilisation, to the Bank of

England, to the Joint Stock Banks and other financial institutions, to a National Investment Board and to Emergency Financial Powers. These are on record and are fresh in our minds.

Part of the outline was filled in at Leicester, but much detailed work remains to be done before we can claim to have thought out sufficiently the financial side of our policy of Socialist Planning. This is one of the tasks to which the National Executive of the Labour Party will address itself during the coming year, and it will welcome the help of all, to whatever section of our Movement they belong, who can contribute practical ideas or special knowledge.

## V

Shortly after the Leicester Conference I had a dream. I dreamed that the National Executive, after full consideration, had tabled a resolution for the next Labour Party Conference in favour of the socialisation of the solar system, and that an amendment had been sent in from one of our Socialist strongholds in the home counties proposing to add, after the word "system," "and the Milky Way." The mover of this amendment, on ascending the tribune, declared that the Labour Party was still tainted with gradualism, and that his amendment was designed to make it clear that the Conference

would have no more of this humbug. The debate proceeded on animated lines, but, just as the vote was about to be taken I awoke.

I feel that that dream has a certain moral. If there is one thing more than another against which our Movement, if it is not to betray the trust that millions repose in it, should be on its guard in future, it is against the habit of "shouting the odds" in public and then running away in private. We have had too much of that in the past. I name no names, but we have had it. Hot air and cold feet have often gone together. Big words and little understanding have often gone together. Politicians, entering office, have sometimes broken down completely at the first contact with official advisers. In the days to come I hope that we are going to formulate our policy, and to approach the problems that will confront us, in a spirit of bold realism, not without careful study and preparation, not saying good-bye to common-sense, nor believing that either in the transition to Socialism or afterwards two and two will no longer make four. At the same time I hope we shall approach these problems without any knocking at the knees, without fearing to tackle any of the vested interests of Capitalism, and without wondering what rich or titled people will say about

us if we do this or that. I hope we shall be equally free from political cowardice and from social snobbery, and from the temptation to talk nonsense in public, or to glibly promise the impossible.

The Third Labour Government must be a much more serious affair than either the first or the second. It must mark a real and substantial beginning in the transformation of this country into a Socialist Commonwealth. If I did not cherish such a hope, I would not be spending time and energy on politics at all, nor, I think, would many of the rest of us. But if this be our aim, we shall be up against very formidable difficulties, and shall need all our skill to overcome them. Surely it is much better that we should try to realise quite clearly from the outset what those difficulties are, and that we should prepare plans to surmount them, rather than that we should pretend that the difficulties do not exist, or, alternatively, that we should use vague and theatrical forms of words which mean little or nothing, but the effect of the continual repetition of which may be to prevent us from getting the chance to carry out our policy at all.

The transformation of this country into a planned Socialist Commonwealth is a job which is much too big for blatherskytes. But it is not too big for the rank and file of our Movement if they are honestly,

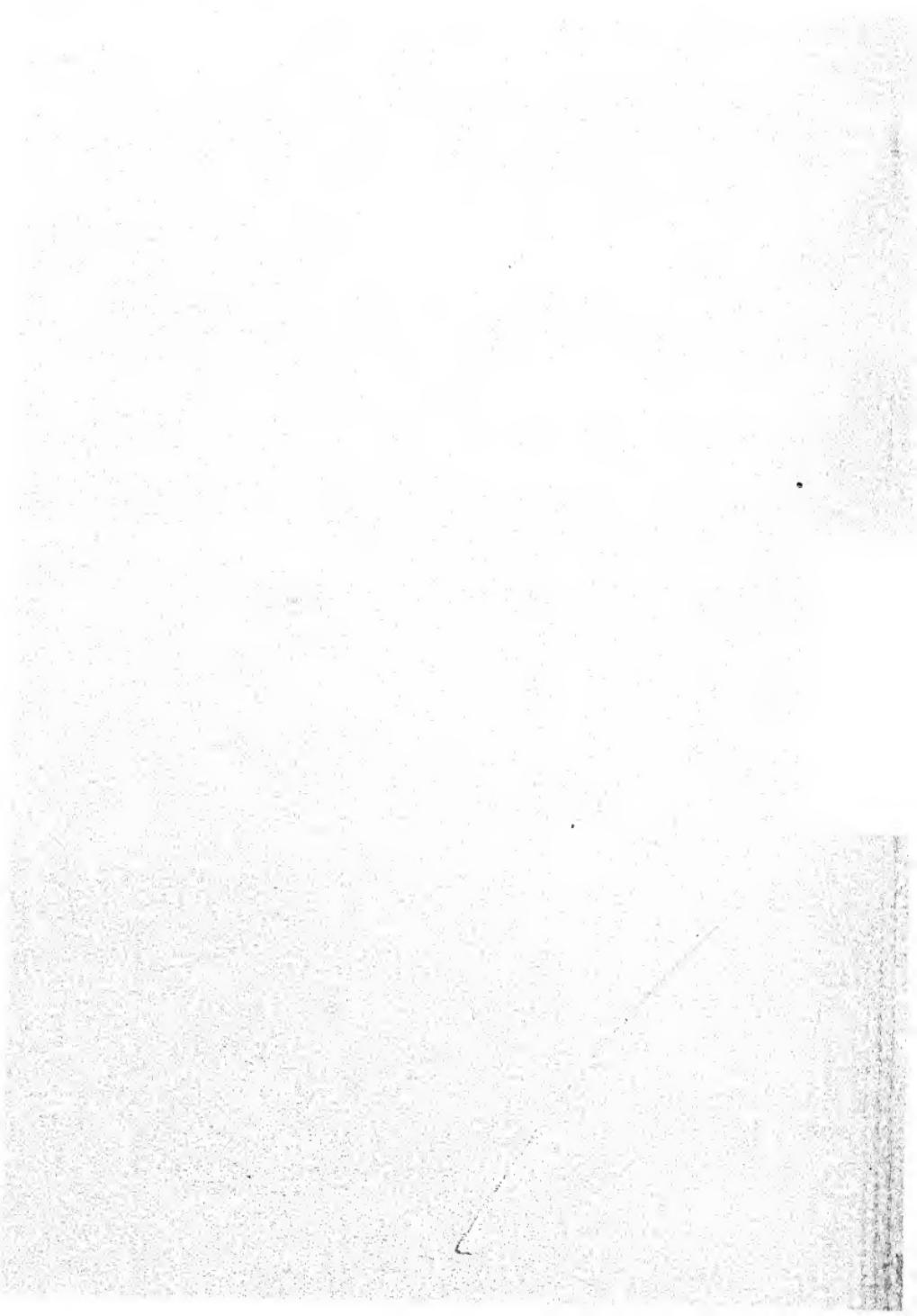
sincerely and boldly led ; it is not too big for the public opinion of this country if it is honestly educated and sincerely and boldly appealed to.

A very gallant Trade Union leader, now dead, once told me that he sometimes prayed "God make me worthy of the men I lead." That is a better ending to the day, for a Labour leader, than getting out of Court dress in front of a looking-glass. Any-one who is pushed, by luck, or meritorious service, or plausibility, or what you will, into any position of responsibility in this Labour and Socialist Movement of ours should strive continually to be worthy of those who have put him there. The great strength of our Movement has always lain in the scattered army of workers, who neither seek for themselves, nor will secure, any individual reward, but who carry in their hearts an undying hope, a burning faith and a bright dream of the future. It is those men and women who are our strength and will carry us through to victory ; it is those people whom it is equally criminal to forsake or to deceive.

So let our motto be : "Don't promise more than you are confident you can perform, but do your very utmost to perform all that you have promised."

# INDUSTRY IN THE TRANSITION TO SOCIALISM

By A. L. ROWSE



## INDUSTRY IN THE TRANSITION TO SOCIALISM

### I

THE first thing I should make clear, in defining my subject, is that I am going to deal with what I may call the *politics of industry*. I am going to deal with the problem of the general control, organisation and co-ordination of industry, rather than with any specialised or technical aspects of it. I think it is agreed that the trouble in this country in the past fourteen years, in the post-war period, has been mainly a trouble not of technique, or of want of technical skill; but much more a problem of the organisation, of the structure, of the control of our industrial system and the working out of its relations to our society as a whole. It is there that we have been most of all lacking. We have no reason to complain of the technical achievements of English industry. We are all acquainted with the summer flight of swallows off to Russia and back again, who tell us how much better things are organised there. But I am going to make one claim—that from the point of view of technical skill, this country is still unsurpassed by any other great industrial country in the world. That is not

our problem. It goes along with the sort of empiricism and individual technique that the Englishman by nature has got, that he tends to neglect, or not to see, the real importance of the general and wider aspects of industrial organisation: How, so to speak, to build up the industries of the country *architectonically*; how to get them co-ordinated so as to avoid the overlapping and waste of an enormously bigger equipment for production than our system of distribution allows for. On that general score, I am bound to add, one must feel an acute disappointment during all these post-war years at the failure of this country, face to face with the paramount need for the re-adaptation of its old industrial system. To put the thing quite frankly, I do not think that we as a nation can claim to have done at all well in the difficulties that have confronted us ever since the War. One cannot feel content with the way in which the higher authorities, the people to whom we are supposed to look for a lead in these matters, have dealt with their particular problem, that of the higher direction and control of industry.

So we need not start our investigation of what Socialism is going to do in industry with any undue respect for the ability of the people who have been uppermost in the last twelve or fourteen years. We

need not assume either the omniscience or the indispensability of the people who have been at the head of affairs since the War.

Let me begin with the handling of our own financial and economic case at the Peace Conference itself. Let me quote a passage which appears on page 107 of the Macmillan Committee's Report on "The Relations between Finance and Industry":

- The second set of difficulties (*i.e.* with which Great Britain has been faced) has resulted from the international lending power of the creditor countries being redistributed, favourably to two countries, France and the United States, which have used this power only spasmodically and adversely to the country, Great Britain, which was formerly the leader in this field, and has the most highly developed organisation for the purpose. *This redistribution of lending power has been largely due to the character of the final settlement of the War Debts in which this country has acquiesced. For although Great Britain suffered during the War a diminution of her foreign assets of some hundreds of millions, she has agreed to a post-war settlement by which she has resigned her own net creditor claims, with the result that, on a balance of transactions, virtually the whole of the large annual sums due from Germany accrues to the credit of France and of the United States.* This has naturally had the effect of greatly increasing the surplus of these two countries, diminishing both absolutely and relatively the surplus of Great Britain.

When I read that in those cold terms it made my blood boil. This may be thought rather an esoteric subject to set one's blood boiling. But what does it really mean? It means that those responsible for the higher direction of English financial and economic policy, and for the welfare of the whole country, have, from the Peace Treaty days, allowed our case to go by default. They have not sold our case; it would have been rather better if they had: we should then at least have got something back for it. It would have done more credit to their intelligence, though perhaps less credit to their heart. The fact of the matter is, that they have been content to allow questions like that to pass; questions which have prejudiced the whole running of our industry and trade, together with the balance of payments of the country, as between having a surplus of capital to export or not, ever since the War. So I do not think we need bother to pay too much respect to the great authorities who repose in Westminster. If one reads the record of the conduct of English economic policy in these post-war years, in a brilliant book like Keynes' *Essays in Persuasion*, it is a most pathetic record of wrong decisions being made, and the wrong turning taken, on almost every major issue of policy. It was Mr. Keynes who said that "Banks and bankers

are by nature blind. A sound banker, alas, is not one who foresees danger and avoids it, but one who, when he is ruined, is ruined in a conventional and orthodox way along with his fellows, so that no one can really blame him." It has been the same with our treatment of all our main industrial problems. For example, one might take the Coal industry. I hesitate to enter here into any detailed account of the tragic story of the Coal industry, and of our various mistakes in dealing with it—handing out, for example, a subsidy of 30 millions on one occasion to put off an evil day, which came all the same in the next nine months. It is the same with Cotton. It may be remembered that Mr. Keynes said that Coal has been above all others a victim of our monetary policy; but much the same holds good of all the great exporting industries. At the moment, it appears that there has been a certain increase in employment in those industries which are primarily serving the internal market, such as hosiery, and so on; but the effect of our Tariff policy is to hit still harder the primary exporting areas, which are the very ones that we ought most to be looking after, because they are the most damaged, and at the same time the most essential to the country.

I think one may legitimately ask, why is it that

our industrialists, who are responsible for the welfare of industry, have allowed a financial policy to be pursued which has been so damaging to it; and not only damaging to the working people involved in the industry, but to the industrialists themselves? They all of them put their money on the side of Conservatism politically, and voted with the big battalions of Conservatism; while Conservative Governments were putting through quite steadily, from 1922 onwards till last year (when we were forced off the Gold Standard), a monetary policy which was hitting industry and the industrialists all the time, though they did not seem to see it. They complained, of course, from time to time. Even Mr. Churchill claims now that he was all in favour of a more flexible monetary policy, which would take into consideration the welfare of industry, and not look only at the position from the point of view of high finance and the City. But it was Mr. Churchill who put through the return to the Gold Standard all the same. One might say of Mr. Churchill what Frederick the Great said of the Empress Maria Theresa, when she took part in the partition of Poland. We might adapt the words to his case and say: "He wept, but he took." What did he take? If I may again call in Mr. Keynes (it is just as well to be on the side of the

angels, and Mr. Keynes is a Liberal), he states that the primary consequence of the return to the Gold Standard was to place £1,000,000,000 into the pockets of the rentier interest, a purely debt-holding interest, out of our pockets; and its secondary consequence was to add something in the nature of £750,000,000 to the total burden of the debt, thereby wiping out the whole value of the Sinking Fund which we had been piling up with infinite laboriousness and difficulty during all the years before the return to the Gold Standard.

## II

I want to emphasise the important point that there may at some time be a realignment of forces between industry and finance, and the working-class movement in this country. I would appeal to those people concerned in the direction of industry, and primarily to the younger men who are now arriving on the threshold of responsibility, not to make up their minds yet about which way the cat is going to jump. The old industry allied itself with finance, I will not say to its own destruction, but to its debilitation. I want to make this point to the younger men in industry; there are a good many of them, one knows, who at any rate can see through the inadequacies of Capitalism. They are not going

to commit themselves whole-heartedly to something that is patently in difficulties; and I want them to keep their minds open as to the developments that may, and I think myself are going quite decisively, to take place in the course of the next ten or twenty years. We shall want their ability later on, if industry is to be reorganised on Socialist lines; and I do not want them to commit themselves to a side on which their ability will be wasted.

I suppose there can be no doubt in anybody's mind that Capitalism is in an extremely bad way. Hardly anybody seems able to diagnose the root causes of the trouble, and I cannot possibly hope to cover the ground; but I want to suggest one or two factors, which I am going to concentrate upon because they are rather newer in their analysis, not because they are necessarily the most important. It may be that there is something fundamentally wrong with an industrial system which is dependent entirely on the profit-making incentive for the continuance of production. I would recommend those who want to follow up this suggestion to read the two brilliant studies in Mr. G. D. H. Cole's *Economic Tracts for the Times*, where he is considering the effect on production of the insistence under Capitalism that each industry in itself should make a profit. It operates rather like

this. If one has an industry entirely dependent on its profit-making capacity whether it is to go on or not, when the price level is falling, the profit on what it produces is continually being cut away; and one gets constant attempts on the part of the employer to catch up by lowering wages, increasing hours, throwing off men, and so on. That has the effect of decreasing demand still further, and so cutting down production again. When there are so many more people with less wages to spend, more people thrown out of employment, less consumption all round and consequently less production, it sets going a sort of vicious downward spiral; and I think that is what we have got into at the moment. So one wants to find some method of getting away from the extraordinary paradox of demand for commodities without an adequate link between that demand and production. Looking at the sort of people one can observe in numbers about the streets, one can see for oneself that there exists a large potential demand for goods to meet simple and elementary needs. There is an enormous productive capacity at hand, perfectly well capable of meeting those needs: but, for some reason or other, the two are not brought into correlation with one another.

One wants to find a way of short-circuiting this dependence of industry on the purely profit-making incentive; and to bring it into relation with social demand. Whether one agrees with Socialism or not, there is one point one must allow it; and that is, that Socialism has all the time been on the right track in pointing out this ineluctable contradiction in the working of the economic system under Capitalism. So many Socialists themselves are apt to be down at heart at their experience of minority government in 1929-31; and we may have been ineffective: *but we have been on the right track all the time.* Make no mistake about that. What is really on trial in this country, in America, in Germany and in France, is not Socialism but the Capitalist system. The point about the younger men in business whom I referred to above, is not that they believe in Capitalism; they do not; they are extremely sceptical of its future. But what they want to know is whether we have anything better to offer them. We have to make up our minds; and we have to prove the case to them.

I suppose nothing could be more paradoxical than the situation that we are face to face with under Capitalism as it is. To take one section of the front, here we are with about 30 to 40 per cent. of our employable population unemployed—totally

without work—and the remaining 60 per cent. overworked and underpaid. I should have thought it would have dawned on everyone what is the right and constructive line to take, to meet that situation. To my mind it is quite clear that one wants to even out leisure. It is absurd to have three millions of our working men out of employment while other people have to work eight hours or nine hours or ten hours a day. The constructive line of solution is to try and bring about a shorter working day all round, and so to absorb some proportion of our unemployed into employment. It seems the only rational line to take.

There are two comments that are made on a policy of that sort. One is the objection one hears from people who are responsible for running industry as it is, that one cannot afford to bring about a shorter working day generally, unless one is doing it in step with other nations. Exactly! The moral of that is that international action is necessary; and what is that ultimately but the moral of Socialism? There is Shinwell's Convention for enforcing a  $7\frac{1}{2}$ -hour working day in the Coal industry throughout Europe still awaiting signature. The fact of the matter is that the solution must be international; and it can only be brought about, not on the lines of competitive

Capitalism, but on the basis of agreements between socialised industries, with their trade unions in one country, negotiating with similar bodies in others. Secondly, the other comment that is made is, that we could not economically support a policy of cutting down the hours of the working day, because it would make the cost of production so much dearer. That is quite a legitimate objection. It means that we have to find some fund somewhere that is at present unproductive to the community, or running to waste, from which we could finance a shorter working day. I make no apology for what I shall say about this, though this is a suggestion of my own to the present discussions about unemployment. If one reads the debates in the House of Commons, either on the one side or on the other, there is not a single new contribution to the problem; there is Lord Snowden, the latest recruit to the *Evening Standard* (in place of the Dean of St. Paul's, I suppose), taking up a long article to say nothing about unemployment; but I should like to suggest a new line of thought of which it surprises me we have heard so little.

It is a return to old-fashioned common-sense about economics that I propose. There is a distinction between productive expenditure and unproductive expenditure. It is extraordinary that

among modern economists we never hear anything about it. We have one set of economists in Cambridge and in Oxford, getting up and saying : " What the community ought to do is to spend " —spend at any price, so to speak—the Spend-all school of economists, I call them. The moment they write a letter to *The Times*, as they have recently done, another lot pops up like so many Jacks-in-the-box, from some other school—I call them the Save-all school of economists—telling one that one must not spend at any price. Isn't there some reasonable line which comes somewhere between those two schools of thought, and recommends itself to our common-sense ? There are certain things on which it is productive to spend ; there are certain other things on which it is not productive to spend. Let us take quite a simple instance. Take one man's expenditure upon alcoholic liquor. A certain amount of consumption up to a certain point will add to his productive efficiency ; but there is an optimum level over and beyond which it very sadly detracts from his economic efficiency. We may say that the same is true of the consumption of the community—there is an optimum consumption. One can spend on certain things with advantage, because they add to one's efficiency in return, in the process of setting production going

again. There are other things which are dead loss and dead waste. For the benefit of those who are high and mighty theorists, there is a very interesting passage, in some ways the most remarkable in the book, in Mr. Keynes' *Treatise on Money*, Vol. II, the section on "Productive and Unproductive," which he does not develop at all, but which provides a backing for my view. There is the theoretical case made for the common-sense that I am preaching; namely, that there is an enormous amount of the community's total production at present running to waste which we ought to tap. To put it in the simplest form: when I was an undergraduate at a college in Oxford —a very high-spirited college it was—some of the young men used occasionally to break out of a Saturday night; and the favourite form their high spirits took was to break the glass in the windows of Peckwater quad. My frugal and Socialist soul was revolted by this. I used sometimes to protest, relieving my feelings, to one or other of the College scouts. I would say: "What do you think of that wicked waste?" And they always replied: "Oh, but, sir, it is all very good for trade." It is exactly the same fallacy. It was in a sense good for the window repairers, who came the morning after and spent the next day putting the windows back; but

they never paid any attention to the hundreds and thousands of panes that were broken in the slums of St. Aldate's, which were never mended from one year's end to another. There is a clear line of division between productive expenditure and unproductive expenditure. One could go right through the whole community similarly, and find, from the way the social structure is made up, that there are various vested interests, more or less nonproductive in character, growing upon it like so many fungi and draining it of vitality. The question is whether the community can go on affording to support these great nonproductive interests, for that is what they are, when the really productive section of the community is progressively suffering from a process of pernicious anaemia.

Take, for example, the land. I was staying in Gloucestershire a short time ago, where the next property was occupied by a person who had retired from industry and put all his money into a sort of establishment for horses. He did it by way of a retired, a gentlemanly, occupation. I don't suppose he made any money out of it, but he had these thoroughbred creatures. So much land was given up to it. Beautiful new stables had been built, occupying I don't know how much space; and in order to do the wretched horses honour, he had brought

down and built over the centre of these new stables the whole front of a beautiful old Cheshire half-timbered house. That is one way that the resources of the country run to waste. We may take fox-hunting as another example; let me give this piece of information which may not be known. The Conservative Government's Agricultural Tribunal of 1925 was, I gather, submitted a whole stack of evidence by the Farmers' Union dealing with the deleterious effect of foxhunting on agriculture, but they refused to touch it—the question evidently had too many social ramifications.

We have had a correspondence recently in the *Times* between the Bishop of Durham and Mr. Lansbury on the subject of what the Churches should or should not do about unemployment. The Bishop of Durham, writing from Auckland Castle, declared that the Church was doing its duty, for was there not a prayer in the Prayer Book to the effect that we should pray for the King and his Ministers and all those in authority set over us? He did go on to say that if the clergy in general were to give back the income they receive from the land, by way of tithes and so on, it really would not help very much. It is quite true that it would not be very much when one considers the whole thing, but every little helps.

Some people may not be aware of the following

interesting figure relating to Durham. Do people realise that in the County of Durham, in spite of the awful depression on Tyneside and in the coal-fields, the Ecclesiastical Commissioners still get a revenue of £400,000 per annum out of it? There is the same position with regard to house property in London. It may not be realised that a large part of Maida Vale and a good slice of Westminster belong to the Ecclesiastical Commissioners. The last figures I know of revealed the total revenue of the Commissioners as being £3,000,000 a year or more.

The Labour Party has a very good agricultural policy. It declares for the national ownership of land, among other things; but I should like to ginger it up with two measures that should accompany it. If we went to the agricultural community and said: "Here is our constructive policy, the national ownership of land, the extension of marketing boards, and so forth, on the lines of Dr. Addison's Bill, and of the proposals laid before the Leicester Conference," how many people would respond? Precious few. Considering that all last autumn farmers in East Anglia were being sold up because they were in a virtually bankrupt condition and could not pay the tithe rent charges—and the same is true in other districts—when one gets a

condition of affairs like that, one ought to go to the farmers and say there shall be a clean sweep of tithes as a charge on agriculture. If one went to the agricultural interest with that in one hand, and in the other an unemployment insurance scheme for agricultural workers, one would do more to influence the agricultural interest in favour of Socialism than all the reasonable policies that are put forward from Transport House. One can produce the most beautiful programmes one likes ; but people do not respond to programmes. They respond to political passions and interests ; and these, to my mind, are just ones.

Nor are these nonproductive interests, falling on the land, the only ones that the community would do well to root out. Consider the enormous expenditure there is on all forms of advertising, many of them purely deleterious to welfare ; it was estimated by Mr. Courtauld a year or two ago, that the country spent then some £180,000,000 a year on advertising, two-thirds of it being uneconomic and pure waste. That is the direction in which to look if the country has to cut down its expenditure, not to the cutting down on productive welfare services. And in so far as a state-monopoly of advertising would be a blow to the economic basis of the millionaire Press, it would be a suitable instrument for bringing to an end its

pernicious hold on the country. It is the same with the Drink Trade, which must be brought under public control; there too, if the country really wants to save, it could cut down its expenditure with advantage. The case is crystal-clear with regard to the horse-racing, betting and gambling interests, which are merely organised means of preying on a credulous public. The people must be protected from their own foolishness and credulity; that is the purpose of the Socialist State; whereas under Capitalism the State gives licence to all these means of exploitation and waste of the community's resources.

From our point of view, this is where we have to look for the fund from which we may finance a shorter working day without lowering wages. But one cannot conceive its being done except as part of a general Socialist attack upon the disorder and decadence of our economic and social system. Conversely, once we had started to squeeze out these nonproductive interests, now sapping our energy while essential services and industries are being starved, we should find we had taken a pretty long step forward in the transition to Socialism. And in my view, the attack on them would be the best tactical beginning for the transformation of capitalist industry; just as the attack on the

House of Lords—most nonproductive of nonproductive interests—would be the best tactical beginning for the transformation of the existing political order.

But this attack must go along with a constructive strategy for socialising the control of the Banks and the key-industries.

### III

With regard then to the actual forms of organisation in industry, the modes of control through which we may work out the transition to Socialism, I am prepared on the whole to follow the familiar lines in the series of Policy Reports prepared for the recent Labour Party Conference at Leicester. The line I wish to indicate is this. We are dealing with the transition to Socialism, and therefore the methods we adopt have to be suited to transitional conditions. We have to create methods for carrying forward Socialist organisation in industry; but, remember, the principles are already in being, and to some extent embodied in certain of the great Public Utility Corporations like the B.B.C. and the Electricity Commission. The importance of insisting that the methods we adopt must be suitable to the transition lies in this: that we shall have to deal with a balance of forces which is against us,

particularly in the upper layers of industrial direction—at any rate in those not yet converted to Socialist needs and aims. It is useless to fall back on the notion that is current in some Labour quarters, that we shall be able to do these things with a clean sweep when the time comes, because we shall be face to face with a revolutionary situation. There is some encouragement for such ideas coming from even higher quarters than the section of the Labour movement to which I was referring at the moment. But in my opinion it is no good, in the circumstances of this country, *inviting* a catastrophe. If we are brought up against a revolutionary situation, then the only thing to do is to be brave and do what one can about it; but it is no good to invite it. I think the chances are that we shall get our opportunity of putting through a policy of progressive socialisation of industry, with the help of a number of people of the great manager class. Even in Russia, where they had the débris of the Revolution to clear up, they would have suffered infinitely less, if only they had not had to go through that period of general sabotage and severing of the tendons that existed between industry and its technical and managerial direction, and trying to make the whole thing anew. We cannot go the way of Russia after all. There one

has a vast great country, like a sort of invertebrate organism. One can cut off one bit of it and it does not very much matter; the rest goes on living. But we are so highly organised, so vertebrate an economic structure, that we have to be very careful about the methods we employ. We simply cannot afford to invite anything very drastic to happen to the economic structure of this country, since we are so bound up with the outside world that those people who feel the responsibility of having the welfare and care of forty-five million people on their hands will not make the mistake of inviting catastrophe. It is always a mistake in politics to provoke catastrophe, for if one avoids it, whatever turns up is bound to be better than the catastrophe one might have precipitated.

The first principle, therefore, that we should keep in mind is that whatever organisation we attempt has got to be efficient. The efficiency principle has got to come first. One may object to the Socialist principle coming second, though I think they are not really in contradiction with one another; for if industry under Socialism is not efficient, there will be in the long run no industry to socialise. It is like the Aristotelian position: one has got to live, before one begins to live well. The second principle to keep in mind, in socialising industry,

is that the nature of the organisation any particular industry is given must vary with the nature of the industry. It must be variable, it must be flexible. These various Conference Reports of the Labour Party, I beg leave to say, backing myself up with the wisdom of Mr. Keynes, are some of the best productions that the Labour Party has ever put forward. Mr. MacDonald, I notice, thinks they are the worst and most ill-considered; but then his judgment does not seem to be what it was. Mr. Keynes has given the Labour Party's proposals on Currency and Banking and Finance his almost entire endorsement—and it is a very rare thing for anybody to get the entire endorsement of Mr. Keynes.

In these Policy Reports we find that the kind of organisation set up, let us say, in the case of the Bank of England must, in the nature of things, differ very considerably from the organisation contemplated in the case of Agriculture. What is proposed with regard to the Bank of England need alarm nobody. I hope I have everybody with me when I say there is a growing recognition that it would be a useful bringing up-to-date of the constitution of the Bank of England, and it would be a considerable advantage to make the Governor of the Bank a Ministerial appointment. It is rather anomalous that the old pro-

visions of a private institution dating from 1698, or whenever it was that the Bank of England was founded, should still continue. The Governor, according to the Labour proposals, "should be appointed by the Government of the day and be subject to the general direction of a Minister of Cabinet rank," who would be responsible in turn to Parliament for banking policy. It would be a very good thing, and something very original, if there was somebody who could answer for general banking policy in Parliament, instead of allowing Mr. Montague Norman to follow his own sweet will. Even discreet Treasury officials have been known to say: "*We* all want the bank rate brought down (or whatever it may be); but it is no good *our* saying anything: Mr. Montague Norman just goes on his own way." What a charming state of affairs that is! The Governor of the Bank, according to the Labour proposals, would be responsible for the day-to-day conduct of its business, which is the right distinction to make. In addition, the Party's policy is to set up a National Investment Board, under the direction of the appropriate Minister, and working in close co-operation with the publicly-controlled Bank of England. This would provide a further means of directing the flow of investment into the right

channels, helping to correct the balance as between finance and industry, and feeding the essential industries under public control, instead of allowing capital to run waste on the many nonproductive concerns—of the type of greyhound racing or gramophone companies floated in the Stock Exchange boom of 1928–9. In so far as it exercised a rigid control over the activities of the Stock Exchange, confining it to transactions that did not offend against the principle of social utility, it would perform a new yet necessary service to the community. Then there was the Resolution from the floor of the Conference at Leicester, which declared in favour of the socialisation or public control of the Joint Stock Banks. Dr. Dalton in his article rather wanders into my sphere; but I do not propose to return the compliment by remaining unduly long in his. All I would say with regard to the Joint Stock Bank issue is, that nothing very much more is contemplated in the initial stages than that the Bank directorates should be appointed under some form of public control. In some cases that we can think of, it ought to lead to a very considerable improvement in their personnel.

To go on to industry,—the proposals with regard to the land are that the land should be brought, as an immediate declaration, under national ownership.

A great number of people outside the Labour Movement are in favour of that. The leader of one of the most important Agricultural Schools, Mr. C. S. Orwin, at the Agricultural Institute in Oxford, seems to be in favour of it. But the Report does not contemplate the socialisation of agriculture so much as its control and supervision, on the basis of organising the existing producers and the distribution of their produce. Those who are acquainted with the details of Dr. Addison's Bill will know the lines it takes. It would bring about compulsory co-operation over given areas of the existing producers. We all know one cannot get the farmers to make any kind of co-operative scheme effective unless it is made compulsory. They will all send in their vans of milk or their pigs when prices are low; but the moment they begin to go up, they sell them to outside buyers. It has happened again and again. It happened in Kent; it happened in Gloucestershire; it happened in Cornwall. Farmers are quite incapable of co-operating voluntarily: and they will have to be made to co-operate, because they are responsible for an industry of national importance, and it cannot be allowed to be prejudiced because of their ingrained individualism and conservatism. Secondly, there is the whole

question of Agricultural Marketing, which is a separate matter; and for the details of which, I would, if I may, refer readers to the Report.

I want now to consider the more controversial question of what is involved by yet another form of organisation in socialising industry, namely, that of Public Boards. There is considerable questioning and discussion going on inside the Labour Movement on this subject. I am referring to Boards of public control for the conduct of highly specialised and technical industries, like Transport or the generation and distribution of Electricity, or Coal or Iron and Steel, or Cotton. One might take any number of examples; but there are already Boards in existence or coming into existence, for Electricity and London Transport. This form of organisation under public control does exemplify what are the right principles: namely, that there should be ultimate social control of a Minister in Parliament who is responsible for answering questions relating to the general policy in any given industry, such as Cotton or Coal; but there must be a Board appointed by him which is responsible for the technical conduct of that industry. The proposals are not that those people composing the Board shall be experts—we none of us like experts—but that they should be com-

posed of people with general executive ability, an easily recognisable quality, drawn from wherever it is to be found, including that reservoir of ability in the trade unions themselves, in the Labour Movement, and the Co-operative Movement, which will become increasingly more important and accessible in the future.

The heart-searching that is going on in relation to these Public Boards is concerned with two subjects. One is as to the part that the manager class are to play in the industry, and the other concerns the problem of workers' control. With regard to the manager class, I do not think it an insuperable difficulty at all. The really great entrepreneur, the really first-class manager, is the sort of person who is not guided by a purely monetary incentive in his work. If you take the really grand managers, men like Lord Ashfield, Mr. Frank Pick, or Sir Ralph Wedgwood—I hope it is not invidious to mention them, though there are some names deliberately left out—I do not think they will make any difficulty for us. Why? Their whole incentive is the desire to operate their great concern, whether it is the London Underground Railways, or the L.N.E.R., or the Great Western, to the maximum efficiency, and the welfare of the concern as such. They have a motive which is really, to use

an unpopular term, quasi-aesthetic. They may be said to live for their job,—the best running of the concern in their charge. There was an illuminating passage on this subject before the Tribunal which is considering the Pooling of Railway Rates. Sir William Jowitt, for the trade unions, was cross-examining Sir Ralph Wedgwood, and he said: “Would you say, Sir Ralph, that if you were to begin at the beginning, that four different concerns, four different Railway Companies, and something like eighty Directors, would be the best structure for the Railway Industry of this country?” And • Sir Ralph Wedgwood replied: “Well, I am afraid I should have to have notice of that question.” Mr. Walkden, of the R.C.A., underlined the point by saying: “Yes, and we should not object to having Sir Ralph Wedgwood as our Mussolini.”

The greatest managers are the sort of people who work for a great business concern, without bothering too much about the money incentive. People are far too narrow-minded and quite wrong about the real incentive in industry, when they merely look at the monetary part of it. A great capitalist like Rathenau, the head of the German A.E.G., has placed it on record that the thing which is operative in this type of industrialist's mind, over and beyond a certain monetary reward

assuring his position, is his concern for the welfare of the enterprise that he is directing in and for itself. He has got a kind of æsthetic impulse; a power impulse. He wants to *run* the thing; that in itself is his major incentive. I believe these people would run their concerns all right on Socialist lines—*some of them would be glad of the opportunity—provided they accepted the political and social assumptions involved in the Socialist Commonwealth: namely, political and social equality.* I believe they would do it; for any man worth his salt does not merely want, as a matter of fact, a rather better differential position for his children—he may not have any children—what he really wants is the widest and fullest scope possible for the exercise of his own faculties, such as they are. When one hears people saying that there must be differential monetary rewards given, well—there is some excuse if they have children whom they want to educate: but it seems to me he must be a very hardened children's benefactor indeed, whose main incentive in industry is to go on and on for the benefit of his children's children. I should say for the sake of running the passenger traffic of London, or of running one of the great Joint Stock Banks, any real man would be perfectly willing to give up his house in Park Lane or his second

motor-car; what a *man* wants is power, and not merely the trappings of it.

Some people, I am afraid, may regard me as being guilty in this matter of a right-wing deviation, as I believe it is fashionable to call it; but I think they may agree with my view if they consider for a moment the most illuminating example there is so far of the coming over of a great manager to operate industry on the new social assumptions that Revolution had brought about, namely, the example of Krassin. It is a most remarkable story, which may be read in his *Life*; and I cite it for the benefit of those people who are inclined to be more Bolshevik than the Bolsheviks themselves in these matters. There is such a cult and so much admiration for everything that goes on in Russia, that the one thing I want to make a plea for is that we should *learn* something from Russia. We went through the Industrial Revolution, with all its attendant suffering, so that other people in their turn had the advantage of our experience to learn from. When the Germans much later had their Industrial Revolution, they did not produce slums in the way we did. What is the point of the Russians having been through this welter of suffering if we are not to learn something from what they have gone through? Consider the

attitude of Lenin towards Krassin. He had no sort of virginal trepidations about setting up relations with a great managing director. Krassin was the Managing Director of the Siemens-Schückert electrical concern in Russia. When the October Revolution took place, he was not much interested in politics. In his view, all he was concerned with was that Petrograd should have its electric light supply maintained. That was what he was there for. It was not until some time after the Bolsheviks had come into power that he was brought up against the political situation. It was a long time since he had been actively in touch with politics, but he came to see that the Bolsheviks were the only element of stability in the country, and that if they should fail there would be utter chaos. And so in the interest of keeping essential services going—like the electric supply of Petrograd, which was his own job in life—he determined to throw in his lot with Lenin and the Bolsheviks. At first he was an outsider, a great manager, not really understanding the social aims and ideas of Communism. But did Lenin go very gingerly about it and draw his skirts aside from the unholy thing? Not a bit of it. Not content with having this man's ability confined to the lighting of Petrograd, he at once gave him charge of the whole

State-monopoly of Russian trade. And—this is the other side of the picture—Krassin had not been long in association with Lenin before he began to appreciate the grandeur of Lenin's ideas with regard to society and was brought into sympathy with his aims for the people. To my mind, the story of Krassin's coming over is a story the moral of which, for our own purposes, we should take to heart.

After all, one simply cannot afford a mood of irresponsible enthusiasm, of playing about with a gigantic industry and all the people who are dependent on it. There is the attitude of mind of some people who think all you have to do is to hand over the factories to the men who are working in them and that is Socialism; *but we cannot afford to endanger the success of Socialism by allowing it to be inefficient.* One thing which is certain is that it has to be efficient. We do not want, because of a kind of political virginity, to create that charming state of affairs illustrated in Mr. Wicksteed's reminiscences of Russia in the early days of the socialisation of industry. You may remember he had occasion to go one day to a palatial building which had been taken over and was the seat of the Commission for the Electrification of All Russia. On the door there was a meek little notice which said: "Please knock, for the bell does not ring."

We have, then, to regard the question of workers' control in the same light of efficiency. I am not going into the matter in detail, but I will say this one word about it. There was a considerable discussion on this issue between what is sometimes regarded as the right-wing of the party and the left-wing of the party at the Leicester Conference. But I become more and more of opinion that the dispute with regard to the part workers' control should have under socialised industry is not anything like so acute as the two disputants are liable to suppose. To my mind the degree of workers' control is largely a problem of time and stage in the socialisation of industry; and at any rate, in the early stages, it must vary very largely from industry to industry, according to the conditions that obtain. The scheme that is outlined in the Policy Report on Transport, namely, that the board running a socialised industry should not represent the separate conflicting interests involved, such as the employers or the trade unions, local authorities or the co-operatives, and so on, but should be appointed on the grounds of appropriate ability, is a sound principle. To have the participation of a few isolated trade unionists or representatives of the workers on a board rather like a couple of uncomfortable ostriches eyed askance by the rest

would do no good from any point of view. They would never be able to get anything across that board because they would be in a permanent minority. It would have the effect of making the attitude of the non-trade unionist element less progressive and less liberal than it otherwise would be. There is a large and increasing scope, however, where we can get the participation of the workers. I refer to an industry which I have known since childhood, the china clay pits in Cornwall. It is clear that the working men there do know a very great deal about the conditions of safety in their own works; and this is where they ought to have a large share of responsibility. I should be in favour of workers' committees which controlled the safety-conditions in the pits; there is, for example, the danger from the "burden" falling away; nobody knows better than the workers themselves what the state of the pit is. The same applies to coal-mines and all those industries in which there is a considerable element of danger. That is one point. The second point is that as industry gets more and more socialised, comes more and more under public control, so one will have an increasing reservoir of ability in the working people, who will be trained in the technique of management. Where there is much greater

equality we shall not have the disadvantages we suffer from, what have been called the "pocket-boroughs of industry," namely, the quasi-hereditary directorships, and so on. It stands to reason that one ought to get a larger proportion of ability as one extends the area from which ability is drawn. And so I think the dispute about workers' control may be rather exaggerated in its importance. In the early difficult stages of transition I should place more emphasis upon the element of managership in the socialised industry, and gradually allow scope for more and more participation of the workers in the later stages.

#### IV

I come now to what is my final point. Ultimately, to my mind, the justification for trying to work forward on these lines is this. It is not only a question of achieving some internal order in the community. Anyhow it is quite out of the question for us to go back, whether we like it or not. It may be charming to contemplate the old *laissez-faire* era; but it is gone for good, and it is no use trying to recreate the forms of the past, as some of our professors and economists would like to do. I sometimes think that beneath the conflict of the conservative and the radical forces in society, or

between capitalist countries and Russia, there are great social movements going on under the surface which are common to both in spite of all our differences and our conflicts. The tide is set towards increasing public control and increasing socialisation. And the ultimate justification for that movement is international. If we are to get anything like a decent standard of life in general, or even decent political and economic conditions in any given country, we are all so bound up together in all countries of the world nowadays that it is first and foremost an international matter.

My view is, that out of private capitalism, out of industry conducted for the profit-making incentive, out of private enterprise which is essentially competitive, not only within one country but as between one country and another, one will never get any rest or peace. We have only to consider the effects, for example, of the competing coal industries of different countries against each other,—the coal-owners in this country competing against the German coalowners for the Baltic markets or the seaboard markets in North Germany. In order to cut down prices they have to drive down wages in the industry in this country. The coal employers in Germany, to meet that competition, have to drive down wages in Germany. To meet that we have

to get our people to work longer hours. The whole logic of the system is to produce this kind of internecine conflict. We have to reverse the process. We have to find some basis of mutual complementary interest, and there is a mutual complementary interest in the world, that transcends the boundaries of national conflict,—*it is the common interest of the working-classes of the world*. They have a common interest; even the most unprogressive capitalist would recognise it if I told him what it is. It is their common interest not to work unreasonably hard. Any capitalist should recognise that, for one so often hears from them that the chief motive of the working-class is not to work too hard; and quite rightly too—one does not live in order to work: one works in order to live. Moreover, it is the most social motive in effect that one could possibly have; for the destructive competition which goes on on the assumptions of capitalist enterprise constantly leads the world into conflict while it offers no basis whatever for international order. The basis for a sane international economic order must be that of socialised industry in one country co-operating with socialised industry in others; if industry is not brought under public control, not socialised, it will not co-operate beyond national frontiers—except against the public

interest, to exploit the peoples. Already we can see international co-operation in particular industries being foreshadowed ; the trade unions have led the way by linking themselves together across national frontiers, for example, in transport and coal-mining. But to complete the structure—over and above the co-operation of particular industries—it is necessary to frame some body within countries that are Socialist, something of the nature of a Supreme Economic Council, which will not only co-ordinate industries inside them, but direct a country's industry as a whole along lines of collaboration with the other countries. This should be the framework of international economic order, for the unification of the working-class movement is the only secure basis for any international order politically.

The motive we have to explore and in the end to actualise is the common interest that the working people have, not to go on working longer and longer hours competing against each other for a pittance. It is only reasonable, we have seen, when there is this immense capacity for production in modern industry, that the hours of the working day should be cut down and leisure be more equally distributed. Once we are working on these lines, we shall need many more secondary industries to meet the demand so created. That can only be done, however,

under a system of control such as we are evidently coming to. The reason why we have not come to it sooner is, we all know, a tragic one. It is present to the minds of us all, how great a loss the community has sustained in the destruction the War brought upon the generation of men between thirty and those now in the fifties and sixties. We are all aware of that particular loss, but I hardly think we realise the extent to which the country has suffered and is suffering from the loss of real leadership in industry as in politics owing to their absence from among us. We should not have had, I dare to hope, these last fourteen years of stalemate and delay. In all that time, not one of the major issues with which this country is face to face have we set our hand to, or even made a beginning!

There is one further conclusion to draw, which people never seem to realise. If one has a generation of people in the forties and fifties, of whom one million of the best have been destroyed, it stands to reason that the measure of ability in one's young men of twenty and thirty must be far greater than among the generation now in control. It must be so. We are waiting, wondering when our chance is coming, when we shall really get some leverage on the constructive problems that

this country must face if it is not to decline. It will be a grave responsibility, there will be such difficult turnings to take. But when I make this appeal to the younger generation, I do not blame—it may be a mistake to blame—the older generation. They may be merely carrying on, because there is no one to take their place. I only hope when it does come to our turn that we shall not be found wanting.

## FROM INTERNATIONAL ANARCHY TO CIVILISATION

By S. K. RATCLIFFE

THE fifth lecture in this series was to have been delivered by Dr. C. Delisle Burns, Stevenson Lecturer in Citizenship, Glasgow University, who was unable to fulfil the engagement. His brief syllabus indicated an intention to discuss certain probable and desirable developments of international policy and the interchange between peoples, with particular reference to the agencies of international co-operation already established—such as the League of Nations, the World Court, and the International Labour Office. The lecture given in place of Dr. Burns's had to be done with very little preparation and was delivered extempore. It has been entirely rewritten.

## FROM INTERNATIONAL ANARCHY TO CIVILISATION

### I

THE title of this address indicates a subject of Dr. Delisle Burns's own choice, and one falling especially within his field. He has exceptional qualifications for dealing with it. I am without such qualifications as regard the difficult sphere of European affairs, my own political studies having been mainly in the contrasted continents of America and Asia. My excuse for attempting the task must be—apart from the necessity of filling Dr. Burns's place at short notice—that the great fact of international anarchy or chaos is pressing upon us all, and that we are all compelled, however limited our knowledge, to think about it in relation to our own concerns. It is one of the most urgent of all subjects for our generation.

Dr. Burns remarks in his syllabus that the most obvious examples of the prevailing anarchy (a word he uses here in its popular, not its philosophical, sense) are seen in two directions: first, in the universal preparation by the nations for war, despite the machinery of conference and settlement—preparations which must if continued bring about further war; and secondly, in the getting of money

by the destructive and disorderly means that belong to our present system. Quite true, as we all know; and perhaps at the present time it is the second part of Dr. Burns's preliminary observation that is the more troublesome to most people.

We are in the habit of discussing the disorder of our world in political terms rather than in terms of, say, international finance. On the whole we have been disposed to assume—despite the appalling confusion of international debts, investment and currency—that, after all, the world of money must be controlled, or at least understood, by the experts in banking and finance. But manifestly it is not so, for consider the declaration that came, in October of this year, from an authority who has not seldom been described as virtually the financial dictator of Britain—Mr. Montague Norman, Governor of the Bank of England. Speaking before an audience representative largely of the City, Mr. Norman likened our present condition to that of people labouring to make their way through a long tunnel. Some, he said, might persuade themselves that they could see light at the end, but for himself he could catch hardly a glimmer. He trusted that we were actually going somewhere; and if the audience he was then addressing were to gather again after another year, he hoped they would find themselves a little nearer the goal they were

making for, whatever that goal might be. There we have, apparently, the best that the Governor of the Bank can give us in the way of guidance for 1933, after a period of years during which, as England and America have understood, the monetary policy of Britain, particularly in respect of the gold standard, has been chiefly directed by the institution over which Mr. Norman presides. A more striking confession we cannot expect to hear as to the darkness and chaos prevailing in his particular sphere.

Now I cannot, within the space of an hour's address, attempt to discuss more than a few points in the international disorder against which we are struggling. Let me say, then, that I will put before you a few considerations with regard to three aspects of the subject. First, I will ask you to consider the transformation of Europe during the past thirty years, with the consequent change of balance between East and West. Secondly, to look at one or two stiff realities which obstruct the road to an enlightened control of international affairs. And thirdly, I will try to indicate a few of the alternatives that lie before us in international policy, particularly those that may be practicable for England to work out or to co-operate in.

## II

First, then, let us glance at the broad map of our present international condition, and set it beside the map of the world as it was at the beginning of the twentieth century. The changes of governments and States in thirty years have been astounding; they make the greatest part of the contrast between our age and the last. From the fall of Napoleon to the close of the nineteenth century and almost until the beginning of the Great War, the conduct of international affairs by the Governments of the Great Powers was dominated entirely by the European System. No event appeared to be of consequence unless it touched directly the interests of those Powers and affected in some way what they were doing or intending to do. The European System filled all the works of the orthodox historians. It was not wholly without attempts to arrive at something resembling an organised structure. After Waterloo the monarchs of the restoration had sought to make the Holy Alliance function as a league against political democracy. The Bismarck-Gladstone period was marked by efforts to make the so-called Concert of Europe look like the beginnings of an international order. But the Concert was as vague as possible in outline. In the Europe of the

three Emperors, of the French Republic and many constitutional monarchies, it could not be otherwise, and one would not be guilty of much exaggeration if one said that its positive action was mostly limited to periodically threatening the Turk. The last flickerings of that European system are to be seen in the conferences during the years when Sir Edward Grey was Foreign Minister. These involved, as such things must do, the palpable evasion of great issues. They could not, for example, prevent armed conflict in the Balkans. They were concerned in large measure with the expanding territories of the Great Powers and the delimitation of spheres of economic influence, while the diplomats were jealously watching every fresh move in the great game, particularly in Africa and in the Middle and in the Far East.

Between London and such places as Algeciras the conferences were undertaken with all possible gravity, while the countries and peoples which formed their background were already in revolution or were rapidly approaching it. And let us not forget one very interesting point. In our time there has been a revival of the school of historians and publicists who make the very large assumption of a unified scheme or tradition in Western civilisation. Where was it in pre-war Europe? Manifestly not in the three great military empires, tumbling

towards destruction. Not in the Russo-French alliance, or in the Triple Entente. And where, in the pre-war economic struggle or in the treaties of 1919-20, can we find evidences of any underlying European harmony? Certainly no conception of this kind is expressed in the boundaries of the new States carved out of Tsarist Russia or Austro-Germany. It is not visible in any pattern of economic co-operation, or even of transport facilities.

And in the meantime the world map has been decisively changed by the partition of Africa, by the extraordinary phenomena of conflict and revival in Asia, and by the increasing importance of South America, to say nothing of the greatly altered position of the United States.

These contrasts of the world map in thirty years can hardly be realised by those whose effective memory of public events does not go back earlier than 1900. Think of a few quite obvious features of the change. At the dawn of the century there was only one Asiatic country that had taken its place among modern nations—Japan, which was preparing (with the moral aid of the British alliance) to challenge the military power of Tsarist Russia. China was still under the Manchus, with a decade yet to go before its first revolution put a stop to the policy of break-up or of splitting the country into

spheres of Western influence. India was hardly within sight of a nationalist awakening. The entire Moslem World, from the Bosphorus to the Chinese frontier, lay in the sleep of ages; and if there was, among Europeans at that time in the East, any one view that could be described as unanimous, it was the belief that, whatever might happen in the Far East, the peoples of Islam would never respond to Western ideas or be stirred into independent activity. And yet, as we have seen, no portion of Asia has been more decisively aroused and worked over than the lands of the Turk and the Arab.

The great new fact to be taken account of is that, beginning with the modernisation of Japan and the overthrow of the Tsardom in the Far East, the dominance of Europe in Asia began to approach its end. The Eastern peoples to-day are casting out, not only the Western administrator, but also the concessionaire-exploiter and the merchant: Asia for the Asiatics becomes an assured destiny, and from Turkey to the China Sea the continent displays a variety of governmental experiments. I note only one further point in connection with the swift transformation of Asia. It is this, that, with the exception of the Soviet Union, and of France in Syria, the only European Power that has been prominently involved in the political and economic

affairs of the new Asia is Britain—as in Palestine, Trans-Jordan, Irak, Persia; too often, though by no means always, in connection with schemes of thorough-going economic imperialism.

### III

I call attention to these great new factors, with the altered balance between East and West, in order to emphasise one thing in particular: that the task of constructing an international order, and of building institutions through which it may function, has become far larger and more difficult than it was by reason of the immense enlargement of the world of States. A European scheme is difficult enough; but when the Governments recognised as actual and civilised include all the republics of Latin America and, increasingly, the Governments of the Asiatic continent, it is manifest that the job of bringing harmony out of a world-wide confusion of national States is something far transcending the schemes of a Woodrow Wilson or the diplomacy of a Ramsay MacDonald.

This being so, there can be nothing surprising in the fact that the gravest test so far offered to the League of Nations should come from Japan. The action of the Japanese Government in Manchuria has been debated in the Press of the World and

subjected to a thorough investigation by the Lytton Commission, whose Report is one of the most important documents coming out of Geneva, as it is certainly one of the most interesting to read. Japan, it is alleged, has violated three treaties, and has—almost beyond question—so acted in Manchuria as to reveal itself as technically an aggressor within the meaning of the definitions familiar to the League authorities. This challenge is looked upon as much more important for the credit of the League than any so far delivered in Europe, and, naturally enough, critics of the League assert that if the Council should prove unable to grapple with it the weakness of the Geneva system will stand confessed. Many champions of the League take the view that prompt steps in the mobilising of world opinion against Japan ought to have been taken in the autumn of 1931; but that is a method open to the objection that it would have involved a prejudgment of the alleged aggressor before inquiry. Japan, however, took her own line, created the puppet State of Manchukuo, and has set aside the Lytton Report. The motives of the Tokio Government cannot be in doubt. The interests at present dominant in Japan are seeking, by military and economic means, to get ahead on the Asiatic mainland of three powerful tendencies. They are these: the completion of

the Soviet system in Eastern Siberia; the unification of China—certain in the end, no matter how long it may be delayed; and the imminent danger, as the Japanese see it, of American commercial and financial dominance in Northern China.

In these circumstances, what action is possible as an assertion of the new supernational method? The only answer to that question would seem to be—as regards immediate policy—the method indicated by the State Department at Washington. In February, 1932, the American Secretary of State, Mr. Stimson, issued a formal statement of international policy which is rightly regarded as involving the most important American decision since the rejection of the League Covenant. It was to the effect that the United States must decline to recognise any international changes brought about by means that are a violation of existing treaties and covenants. That is the Stimson doctrine, which we may regard as a definite addition to the Monroe doctrine of 1823. A British Labour Government, I imagine, would have little hesitation about subscribing to it. The fact that Mr. Stimson had to go without the endorsement of Sir John Simon and the National Government may prove to be a point of considerable importance in future discussions as to America's readiness to make concessions in the cause of international order.

The action of Japan in Manchuria is uppermost at the present moment as an example, because it serves to indicate the huge difficulty of laying a foundation for a constructive international method, even among nations which have entered into specific covenants. The whole business of war debts and reparations over twelve years might well be cited as an equally conspicuous instance of folly within the scheme of conferences. But I am disposed to think that there is another example in the field of international finance which carries a meaning not less easy for ordinary folk to understand. I mean the American financial adventure in Germany.

English people, and Americans, have given very little thought to the means by which Germany was enabled to pay reparations until the defaults of 1931. The payments were made with the aid of loans from America, and other loans enabled Germany to embark upon the huge national enterprise of reconstruction after the wiping out of her internal debt by inflation. America had the money to lend, had indeed money to burn. The American people, novices in the field of foreign investment, were tempted by high rates of interest and were worked upon by high-pressure salesmen. The German loans were handled by New York financial houses which were particularly interested in the restoration

of Central Europe. These were unloaded on to the banks, and in due course the small-town public was induced to buy the securities, and to spread over the whole country the wild speculation which led up to the great crash of 1929. It was a riot of lending on the one side, a riot of spending on the other; and on the whole, I should say, the spending in Germany was of a kind that would have met Mr. Rowse's standard of social productiveness. The money went into industrial and commercial concerns, into workers' dwellings, schools, technical institutes, museums, stadiums, playgrounds, even into churches and missions. And in 1929, a few months before the collapse in New York, the outward flow of capital ceased. Germany could no longer borrow, and so could no longer pay reparations or dividends. The Lausanne conference registered the end of reparations, and the American investor was slowly made to realise that the money so enthusiastically contributed to the rebuilding of Germany might bring in a very small return or none. The investor within the capitalist system should, no doubt, have the sense to devise means of co-operative self-protection; but this experience of the American small investor carries a wider moral than that. American isolation from Europe is a traditional policy, and there is not a little to be said for it.

But isolation which is of such a character that it encourages the sinking of a great deal of wealth in a country struggling under a load of punitive taxation, while not permitting the investing people to be directly interested in the debtor country's economic health, must surely be a strange kind of political wisdom. Americans are apt to refer their isolationist policy back to George Washington. But he, we may be quite certain, could never have sanctioned this modern manner of applying the policy which, though expounded by himself in the plainest terms, has in this latter age been so oddly misinterpreted. The more recent American speculation overseas belongs to the kind of folly that is rooted in political indifference. Perhaps we may be told that this is the kind that works its own remedy; but I doubt it. The promoter of foreign loans thrives on the international anarchy, for he knows that the fool who cannot resist high interest rates will not give a thought to the conditions of the land of promise whose distance lends enchantment to the view.

## IV

I come now to two particular realities which have to be treated as serious obstacles in the road to a new international order. The first is the fact

of Nationality, too often developing into the fury of Nationalism.

I should like to suggest here that Socialists and internationalists generally have been guilty of a good deal of careless thinking on this aspect of our subject. Because nationalism has proved to be so obstinate and aggressive, they are apt to fall back upon a negative position and to assume that here is something which must be eradicated if the world is to be organised at all. True, the nation-state is a stiff problem, a nuisance, the only power in the modern world that is a law unto itself, subject to no control. But none the less do we seem compelled to admit nationality as a permanent and virtually unalterable feature of the Great Society. Nationality is a matter of place and tradition and habit, of politics, language and music, of food and drink and daily habit: the sum of the influences that make us what we are. And the policy of self-determination among peoples has, as far as possible, to be given play. Nothing that has happened in the upheavals of Europe, I should argue, has altered the fact that the nation, reasonably delimited and organised, is a necessary unit of an organised continental system.

Political mankind suffers continuously from the failure of every succeeding age to grapple with its own problems. Nationalism was specifically the

problem of the nineteenth century. It took shape out of the French Revolution: the doctrine of the liberated nationality was an inevitable product of the Rights of Man, and to a prophet such as Mazzini it stood out as the one essential political principle. We must all, I submit, be Mazzinians to the extent of believing that unless a reasonable basis of nationality is allowed for there can be no structure of an international order. Mr. Bernard Shaw, I remember, argued long ago in a *Saturday Review* essay that a supreme master exhausts the possibilities of the art form, whatever it may be, into which he throws the full energy of his genius. When he has finished with it there is little more to be done with the form. Similarly, an age should, theoretically, be able to make complete use of the dynamic ideas that are produced by itself; but, in the modern world certainly, this has not been practicable. The idea of nationality belonged to the first half of the nineteenth century; the task of nationalism ought to have been manageable by the period of which 1848 was the crucial year. But the old system was too much for it; the restored empires crushed it, and as a consequence the problem of nationalism was passed on to our age; it survived the Great War, and is here to curse us still. The treaties of 1919 and 1920 have broken against it, and it looks as though

yet another half-century would be wasted in attempts to work it out in Western and Central Europe.

That problem—the problem of recognising the nature of nationality and settling the bounds of nationalism—was, as I have said, a dominating problem of the last age. We are living some three-quarters of a century later than the time when it might reasonably have been settled, if we did not know that the full popular acceptance of a political idea comes as a rule long after the idea itself has found its embodiment and been left behind. Nationality has often been a noble idea and a vitally refreshing force. We have it as a light running through the imaginative literature and the personal records of the nineteenth century. Sometimes it looks like the only clean and inspiriting force in an epoch of sordid politics. But what, we may ask, has *that* force of tradition and beauty to do with the distressing number of nation-states created or inflated by the treaties? These are now expressing their ungoverned nationalist feelings in political enmities, in tariffs and embargoes, in refusal of credits and all sorts of devices for preventing the transmission of currency from one country to another in payment for goods ordered or delivered. On the whole, I should say this is the most perverse and ruinous development that we have witnessed since the War.

For years the interdependence of all countries has been the most common of commonplaces. For years we have talked about the world as an economic whole in a fashion which seemed to imply that nobody questioned the fact. And to-day with one accord, and with the approval of many thousands who have called themselves Socialists, the Governments adopt policies which assume that their peoples have chosen the path of self-sufficiency, and have come to believe that industrial and commercial countries can find a way back to prosperity, and presumably play their part in the establishment of a new world order, by putting a stop to the normal activities of international exchange. Such policies may, no doubt, be justified by the argument of inescapable passing necessity, but surely by no other.

The orthodox English belief has been that in the commonwealth of Greater Britain a practical solution has been found. The experience of another ten or twenty years will show how far this is true, and especially what must happen to the commonwealth as the result of a preferential trading system and the stoppage of emigration from the British Isles. So far the post-Versailles arrangements in Europe have been, on the whole, lamentable; but meanwhile, one great governmental system appears to have entered upon a plan immensely more promising

than any method as yet tried by other Powers. The countries of the Caucasus, and especially Georgia, were made to feel the iron tread of Bolshevik authority after 1917, but the republics of Asiatic Russia have a different tale to tell of Soviet policy in respect of nationalities and regional cultures. The Turksib Railway connects a score of once warring peoples covering a remarkable variety of race and language, of custom and religion. The available evidence of the last few years appears to prove that within the continually modified scheme of the U.S.S.R. these peoples are being encouraged to preserve their own forms of life and habit while at the same time being brought organically into relation with the federal Union and pointed along the road to modern life.

The second, and more serious, obstacle I have in mind is the doctrine of Sovereignty, which Mr. H. N. Brailsford denounces as an obstructive myth. This is a doctrine inherent in the nation-state. It is the dominant reality of the modern world of States, which unfortunately has not been modified by the creation and acceptance of the League of Nations covenant. As a matter of fact, the doctrine is enthroned in the covenant, and it has been aggressively reasserted by every refusal on the part of European or other Powers to submit to international authority. France has been the

greatest and most impressive example of the rigour of state sovereignty, and sacred egoism lies at the base of all the European dictatorships. The accepted law of the sovereign State is, as Professor Laski reminds us in his Conway lecture, the law of the jungle, and he contends that a world of competing sovereign States means a system that cannot survive. It is this fact of sovereignty which makes the League of Nations impotent when there is need for a powerful nation to be called to order. But there is one important and rather surprising fact that should be noted in this connection.

Few English people, I believe, are aware of what has been occurring, in international policy and within the British system, to bring about a serious diminution of the actual sovereign power of Britain. I am not now referring to the altered position of our country in Europe, although that is important. I am referring rather to such large surrenders of authority as those represented by the naval agreements since Washington in 1922, and the astonishing series of recent incidents touching Ireland and the Dominions. The establishment of the Irish Free State ten years ago was an event of far greater significance for England than the English have realised, while Mr. De Valera at Geneva, presiding over the Council of the League in the midst of his

defiance of the Government in London, makes a spectacle of which the moral can hardly be missed. And this happens, we should note, in the year of the Ottawa agreements, which will stand in history as an affair of moment for the old country. "The obstructive myth of sovereignty," we may agree, is a great obstacle in the road away from the international anarchy; but it must at any rate be acknowledged that Britain is making much less of the myth than is any other country, whether great Power or little nation.

## V

So far I have been looking mainly at the difficulties that lie in the road leading from international anarchy to civilisation. Let me, in conclusion, endeavour to deal with certain of the alternatives that spread out before us. They are related to domestic reconstruction as well as to international policy.

Mr. Rowse was led, in his summary of practical measures, to refer more than once to criticisms and proposals coming from Mr. J. M. Keynes. I am disposed to take as a more complete representative of liberal internationalism the distinguished author of *Recovery*, Sir Arthur Salter. There is no more convinced and persuasive exponent of the Geneva idea and method than he. But for my part I finished his very able and attractive book with a

strong feeling that his statement of the present problem and the way out was definitely related to the post-war period, which may be said to have ended with the failure of the Powers at The Hague in 1929 and the breakdown of the Young Plan not many months later. Europe and America in collapse have passed beyond the stage at which Sir Arthur Salter's proposals could be made to apply, even if the Governments could be induced to believe once again in those measures of moderate internationalism which, for a time after 1924, seemed capable of being put into effect for the restoration of Europe. From Sir Arthur Salter, therefore, I turn to one of the most confident of our younger guides, Mr. John Strachey, whose recent book, *The Coming Struggle for Power*, is the straightest and most stimulating discussion of economic imperialism that I have read for some years. Mr. Strachey restates the Communist analysis and condemnation of that imperialism. He affirms that the struggle for external markets is still going on, and that Capitalism is and must be identified with it. He takes for granted that the Governments of the capitalist Powers must support their investing financiers and their exploiting concessionaires, and he argues that they must be driven towards armed conflict, since in our time as in the past Capitalism cannot devise any other system and

is unthinkable under a different organisation. This analysis, very familiar in substance though not stated in so challenging a fashion by any other English writer of to-day or yesterday, assumes that the world of undeveloped markets is still virtually unchanged from what it was before the rise of South America and the partition of Africa. But surely the world conditions in this respect have been enormously changed during the present century? If Mr. Strachey will follow the older Lord Salisbury's advice and consult large maps, he will note that there are very few nice new countries, as he called them, left on the globe to be developed from the beginning by capitalist investment. The altered economic policies of the investing countries provide us with some important evidence upon this question. But apart from that, we have to recognise that the actual sphere for such development is being steadily reduced, first by the internal changes of the countries concerned, and secondly by increasing difficulties created for the capitalist imperialist Powers through the nearness of strong neighbouring States which must not be provoked and by the strengthening of world opinion against the overrunning and subjugation of backward countries. Japan in Manchuria may seem at first sight to provide a convincing argument in support of Mr. Strachey's thesis. But

is it not true that Japan's chance to the north of China was almost the only chance remaining in Asia for the invasion of a large territory capable of rich economic development, and for the creation of a puppet Government designed to serve the purposes of the conquerors? It is extremely difficult to see a general war in the Far East fought by the Great Powers for the possession of the Chinese market. And it is still more difficult to see a general war waged for the making of a fresh partition of Africa.

Mr. Strachey, I should admit, has discussed some of the phenomena of the struggle for power with striking freshness and point. Several of his chapters, indeed, are brilliant in presentation and argument. But his particular conclusions seem to me much less convincing than they might have been if his view of the overseas market problem had been as close to the facts of the twentieth century as it is to those of the nineteenth. I should argue, further, that he goes astray through his strict application of the orthodox Communist interpretation to England. No one would be so foolish as to deny that many of the elements of violent upheaval exist in England; and few among us can fail to see that a rise in the total of the registered unemployed from 3,000,000 to 4,000,000 would—given a continuance of the mistakes and evasions displayed alike by Conserva-

tive, Labour, and National Governments—greatly increase the probabilities of a general overturn. But even so, it appears to be no less unlikely now than it was ten years ago that Britain will travel the Moscow road. Professor Laski's well-known theory concerning the English revolution that did not happen in the Victorian age is worth remembering and applying here. England has had no political movement of revolutionary Socialism; no experience of political persecution such as the century of martyrdom endured by the Russian social revolutionists; no continuous leadership, such as their apostolic succession, made up of intellectuals possessing a hard philosophy of revolution which they were ready at all times to act upon. The British political system, aided by the insidious influences of London Society, has hitherto been singularly successful in absorbing or diverting any political talent in the Labour Party that may have looked like becoming a danger to the established order—witness the surprising careers of Ramsay MacDonald, Philip Snowden, and J. H. Thomas. And after the experience of two Labour Cabinets, it would seem to be taken for granted almost everywhere that if a party of revolutionary Socialism is to develop in England, it will seek its leaders far from the ranks of its parliamentary Labour Party, and not less

distant from either the trade unions or those bearing the left-wing label among the survivors of the second generation of the I.L.P.

We have, moreover, to remember the apparent stability of the national social services, the framework of which was almost completed twenty years ago. They laid the basis of a national minimum, miserable enough, it is true, especially when a reactionary Government is in power, but none the less effective so far, as we saw in 1924 and 1931, in mobilising the popular vote on the side of what is called security. To these influences must be added others, especially those of the secondary-schools system and the continual multiplication of jobs in the managerial departments of industry and the distributing trades, which tend to scatter the children of the manual worker over occupations that carry the stamp of the salary-earner rather than the wage-earner, and thus break into the old solidarity of the working class. The past twenty years have witnessed remarkable social changes under such influences as these, and we can see some of their results in the immense growth of the national savings and the large percentage of the population now classed as owners of the houses in which they live.

I should admit, of course, that all such evidences of a new British bourgeoisie may be swept away if

the figures of unemployment continue to rise, and if within the next year or two British industrialists display no greater intelligence or sense of reality than they have shown since the great depression began. In other words, it may be impossible to postpone the catastrophe, although the postponement or evasion of catastrophe is our deep-rooted national habit. But however that be, I have here turned aside from the discussion of world organisation to these aspects of the British domestic problem because I agree with G. D. H. Cole that a planned home economy must precede any and all attempts to achieve a genuine international system. Hitherto we have done little enough in Britain itself, notwithstanding the relative measure of good fortune that has attended us since the close of the War. We have staved off revolution, and by so doing have purchased (at a heavy price) a decade of opportunity, without setting about the task of industrial reconstruction. It is not likely that this period of grace can be indefinitely extended. No further chance will be given to England. Again and again we have disappointed our friendly critics on the Continent, and yet it is noticeable that virtually all the European writers who since 1920 have examined our case have not only discounted the chances of revolution in this country, but have declared, from a dozen

different points of view, that England is the one country that could, if it would, find its own way of escape and renewal.

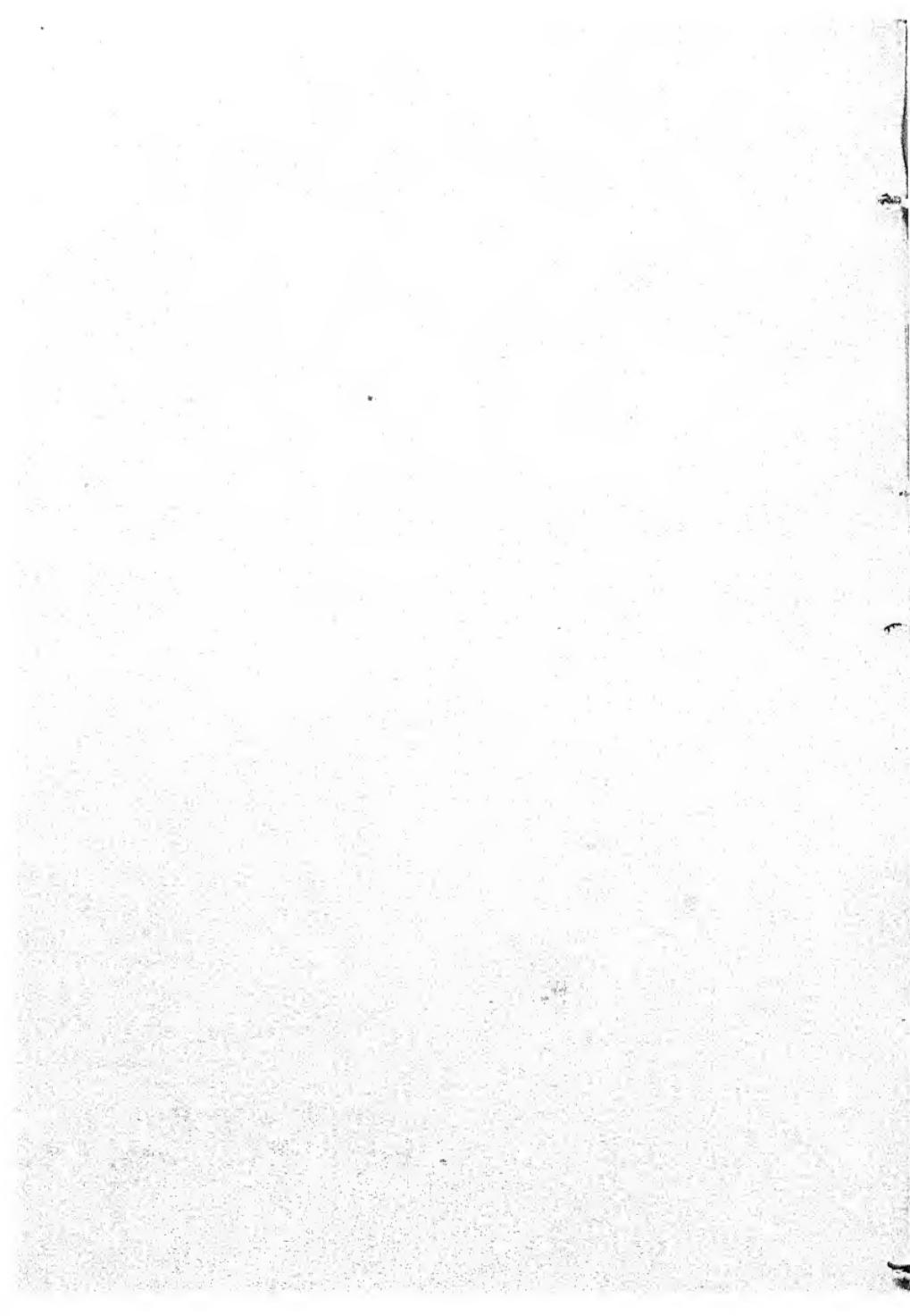
The best of these writers, so far as I am acquainted with them, is Dr. Paul Cohen-Portheim, whose last book was published in an English translation a few weeks only before his death. The chapters dealing with England in *The Discovery of Europe* reaffirm the view which many European economists and sociologists, Socialists and others, have taken—namely, that our country possesses certain definite advantages, of position and experience, which make it possible for us to rebuild our system without having to go through an earthquake of violence which—as the facts of the present seem to portend—may be inevitable for the United States as it was for Russia. The case of the British system is, of course, unique, since revolution in England would make an end, at a single stroke, of Commonwealth and Empire alike. From which we must conclude that the choice before Britain at the present crisis of the world is actually more restricted than that confronting any other great Power, and therefore, I submit, our best hope lies in following the road indicated by those among our foreign critics who lay emphasis upon the distinctive British tradition, and the kind of contribution to a new international structure which may and should be ours.

One thing is surely beyond question. Britain cannot recover a leading position among the Powers unless two great immediate tasks are carried through: (1) the reorganisation of her home economy, so as to set the bulk of her people to work again, to create new domestic standards and make an altered balance between industry and external trade; and (2) the finding of a basis of peace and co-operation throughout the British system. The Dominions must settle their own ultimate relation to the mother country; after Ottawa in 1932 we can see that the decisive word will not be spoken by England. India is the crux. If the lines of the Indian future cannot be laid down by means of an organic agreement in London, there will be little scope for British statesmanship in the reshaping of European relationships and the settlement of the Pacific hemisphere during the next twenty years.

Looking to-day at England in crisis, Mr. Rowse is concerned to postpone the catastrophe, while Mr. Bernard Shaw, in his unconquerable hope, is ready to welcome it. I am just far enough behind Mr. Shaw in years to hope that we shall escape the smash—for one reason, if for no other: that a Britain in violent revolution could play only a small and confused part in making the road from international anarchy to civilisation.

# IN PRAISE OF GUY FAWKES

By G. BERNARD SHAW



## IN PRAISE OF GUY FAWKES

### I

I RISE to address you with a reluctance which has been growing on me for a long time past. For forty-eight years I have been addressing speeches to the Fabian Society and to other assemblies in this country. So far as I can make out those speeches have not produced any effect whatever. In the course of them I have solved practically all the pressing questions of our time; but as they go on being propounded as insoluble just as if I had never existed, I have come to see at last that one of the most important things to be done in this country is to make public speaking a criminal offence.

I do not know why it is that you are assembled here to-night. I suspect that a great many of you are what I call public-speaking addicts. Public speaking is a sort of drug which you take to make you feel that when you have heard somebody talking about an important subject you have done your duty and disposed of that subject. I am inclined to think that a still greater proportion of my audience has not come to hear me at all. I wonder how many of you believe me to be the Reverend Ira D. Goldhawk, the worthy pastor of Kingsway

Hall. I should not be at all surprised if quite a large number of you did.

Now, what is Parliament in this country? It is the central engine of public speaking from which the tradition of public speaking spreads through the community. I do not know whether you ever heard anybody ask a question as to the qualifications of a parliamentary candidate for the work of legislation and governing the country. I never did. But there is one question which you may sometimes hear asked. Is he a speaker? Is he a good speaker? If it turns out that he is a good speaker, or is believed by a certain number of people to be a good speaker, then that is considered a sufficient qualification. And I think it is. I think that the real function of Parliament in this country is to prevent anything being done by endlessly talking about it. Parliament reminds me of a locomotive engine, but a locomotive engine made in a peculiar way. You know a modern locomotive is attached to seventy-five trucks with ten tons of coal in each; and it has to move the lot. In order to do that, there must be an enormous pressure of steam in the cylinders to make the wheels go round with all that weight against them. To prevent that pressure from blowing the boiler to bits there is a hole in the boiler which is closed

with a spring strong enough to resist the pressure needed to move the train ; but if the pressure goes beyond that the spring lifts and the steam evaporates. This contrivance is called a safety-valve. Now the only difference between the Parliamentary locomotive and the engineers' locomotive is that the safety-valve in the Parliamentary locomotive is made so extremely weak that it blows off in hot air before there is the slightest possibility of the train moving at all.

## II

It is interesting to notice the effect of public speaking on audiences. I have been watching audiences now for fifty years, including this Fabian audience, which is believed, for some reason which I have never been able to ascertain, to be a specially intelligent audience. Perhaps it is. But I, having seen it come to this hall year after year, listening to the same sort of thing without anything happening, regard the presence of any person in this hall as being a sign of a weak intellect. For instance, take my friend Mr. Rowse, who delivered an admirable lecture here a fortnight ago. He interested me specially because it became plain shortly after he began that he is actually a Socialist, and is 'actually in earnest about it, which is not invariably

the case even when the person on the platform is nominally a Socialist—you cannot depend upon anything of the kind nowadays. But Mr. Rowse, among other quaint things, is a member of All Souls College, Oxford, which is such an entirely unreasonable and amazing academic institution that when it is described to foreigners they fall down speechless and never smile again. It is not possible for Mr. Rowse, sound Socialist as he is, to go and dine at that extraordinary place without picking up a few of its habits of speech. Consequently, when we were all following his lecture with the greatest attention, he suddenly, by reflex action, said that the English workman was the best workman in the world. Immediately there was the beginning of an enthusiastic response to him. He crushed it and went on. But as I sat there, there came into my head suddenly those lines written by the poet Keats in which he condenses the whole of the first chapter of Marx's *Das Capital* into a single stanza. You may perhaps remember his poem of "Isabella," in which he describes how the workers of the world enriched Isabella's commercial brothers.

For them the Ceylon diver held his breath,  
And went all naked to the hungry shark.

in search of pearls. Simultaneously with that

vision there came into my head another of a London policeman plunging in full uniform to the hungry shark and bringing up in his helmet twelve outsize pearls to show the barbarous Cingalese how very much better an Englishman could do their work if he set his mind to it. I do not think Mr. Rowse meant exactly that; and yet upon my honor, if he did not mean it, I do not quite know what he did mean. The next time he dines at All Souls, he might put the point to the Fellows, and see what they can make of it.

Now suppose Mr. Rowse had not been Mr. Rowse, but a popular Parliamentary orator—say Mr. Lloyd George or the Prime Minister—what would he have done? He would immediately have made a note in his mind: “That’s got ‘em;” and then he would have proceeded to get you. He would have said passionately: “Can you show me in the world the equal of the English plumber?” He would then have gone on through the whole range of industries, more and more vehemently asserting the superiority of the Englishman in every one of them. With each succeeding challenge the enthusiasm of the audience would have risen to its culmination in thunders of triumphant applause; and everybody would have declared the meeting the most successful the

Fabian Society had ever held. That is how the world is ungoverned at present. That is the way to prevent its being governed.

No meaning is attached to these speeches which are received with so much enthusiasm. They are forgotten in five hours, and often contradicted flatly, either by events or by the speaker himself, within five days. And nobody notices the discrepancy. Looking back on my now rather too long career, I can remember instance after instance of the most sensational kind. I can remember the assurances given us in Parliament before the War by the Prime Minister and the Foreign Secretary, that we were entirely wrong in suspecting that there was any treaty between France, Russia, England and Belgium with regard to a contemplated war on Germany. After that, when it turned out that, though there was no formal treaty, not only was there a war with Germany in contemplation, but that our share in it had been carefully arranged by the Liberal Imperialists in the Cabinet, for many years beforehand, nobody seemed conscious of having been humbugged. On the contrary, the tendency to speak of the Liberal Imperialists as typical straightforward English gentlemen, entirely incapable of making a statement that was not strictly true, increased notably as our militant patriotism kindled.

Early in the War we were all registered. I still have my ticket, with its number. The people were numbered like the people in the Bible. There was some uneasy suspicion that this must be a preliminary to Conscription. Accordingly, the Prime Minister hastened to make a speech, in which he assured the nation that not the slightest idea of such a violation of British liberty had ever entered into the minds of the Government, the registration being a mere question of rationing. I forgot the exact number of days—I think it was inside a week—which elapsed between that statement and the announcement of Conscription. But nobody noticed any sort of discrepancy between the speech and the announcement. Quite recently Mr. Ramsay MacDonald, once our colleague, now the Leader of the Opposition to us, defended the Gold Standard with an eloquence which so touched our hearts that we wiped out the Labor Party at his command and gave him such a majority as Gladstone never dreamed of. He told you that as long as you stuck to the Gold Standard, the trade of England was safe, and her position in the world impregnable. The next thing that happened was that the Bank of England broke—at least that is what they would have called it if it had been I who suddenly announced to my creditors that I was only going to pay them

13s. 6d. in the £. But the papers said that all the Bank of England had done was to come off the Gold Standard; and Mr. MacDonald, who had just been hailed as the man who, in a dreadful crisis, saved the nation by keeping it on the Gold Standard, was now hailed as the man who saved the nation by knocking it off the Gold Standard. Unbounded prosperity was promised as a result of that. It has not come yet; but Mr. MacDonald is as popular as ever.

### III

I have gone all through this rigmarole about public speaking because I want to impress on you the fact that nothing is going to be done as long as you are all satisfied with hearing public men talk about it. This continual talk, talk, talk in Parliament that never comes to anything has provoked reactions in other countries which have made public speaking there a capital crime; and we are within sight of the same reaction here. The art of fooling the public has been cultivated to such perfection that an election nowadays is not an election at all, but a stampede. The stampede of the Zinovieff letter has been improved upon by the stampede of the Gold Standard. Both were eclipsed the other day by the really magnificent stampede of the

Presidential Election in America. Never was such a thing seen on the face of the earth. You saw in the papers the white map and the black map, and how the white suddenly became black. The whole of America was swept in one headlong rush to substitute Mr. Roosevelt for Mr. Hoover. The substitution will not make the slightest difference to any American. What the people of America thought they were voting for I do not know; but I suppose they were tired of Hoover and thought they would try Roosevelt; and when they are tired of Roosevelt they will try somebody else. On each occasion they will have a vague idea that something is going to happen in consequence; but nothing will happen in consequence except, of course, a noisy escape of hot air through the platform safety-valve.

All this guff and bugaboo, all this deception, all this stampeding, all this perpetual talk, talk, talk, with the central talk machine blowing off noisily and wasting the national steam, is supposed to be Democracy. What is the effect of it? It keeps Congress and the State Legislatures in countenance in America. It keeps copies of them in countenance in Europe. In this country it keeps Parliament in countenance.

What is the historical function of Parliament

in this country? It is to prevent the Government from governing. It has never had any other purpose. If you study the constitutional history of this country, you will see that Parliament has grown up out of the old struggle against tyranny. The Englishman, being a born Anarchist, always calls government tyranny. The result of that generally is that the Government does become a tyranny, because its subjects cannot interfere intelligently with it: they can only riot and get their heads broken. Parliament was not in the first place an English institution: it was introduced into this country by a Frenchman named Simon de Montfort, whose father was concerned with the Parliament of Toulouse in France. Its object was to resist and disable the King: its use—the only use it has ever had—was to ventilate grievances, to give the people it represented an opportunity of complaining of how they were being made uncomfortable. But it never forgot its object of delaying, defeating, and if possible destroying whatever power happened to be governing the country at the time, whether it was the King, the Church, the Barons, or the Cromwellian Majors-General. Bit by bit it broke the feudal Monarchy; it broke the Church; and finally it even broke the country gentlemen. Then, having broken everything that

could govern the country, it left us at the mercy of our private commercial capitalists and land-owners. Since then we have been governed from outside Parliament, first by our own employers, and of late by the financiers of all nations and races.

Of all madnesses which afflict this country politically, I should think the worst is to expect that this instrument called Parliament, made and developed for the express purpose of checkmating government, and of unrivalled efficiency for that purpose, can possibly be an instrument of Socialism or Fascism, of any modern system which requires a continuous positive governmental activity. Such a government must keep its hand not merely on law and order in the Police sense, but on industry, on foreign trade, on the accumulation and investment of capital, on education, on public health, on religion, on all our most vital interests. And the hand must be a controlling and swiftly acting hand, not a checking, delaying, thwarting, defeating hand, always negative and inhibitive, but a positive and powerful organ of national welfare.

#### IV.

Now you will see why, in the Preface to these Lectures, I simply mentioned Guy Fawkes. Guy

Fawkes wanted the Government to do something, and saw that the first thing to enable the Government to do anything was to blow up Parliament. I think it is very much to be regretted on the whole that he failed; because, ever since he failed, the whole history of Parliament has been a triumphant vindication of his grasp of the situation. It has been a continual demonstration that you not only defeat government by entrusting it to Parliament, but in a far more complete way you defeat Democracy; for you cannot defeat government altogether, because, as some degree of it is absolutely necessary to the life of the country, a certain minimum of it must by mere force of circumstances force itself on the country, whether Parliament likes it or not. But as to Democracy, Parliament can defeat that every time and describe the process as carrying out the will of the people.

Now, how are we to get out of this mess? Not only we who are Socialists, but everybody who really has any sort of grasp of what is happening at the present time, and what is inevitably going to happen pretty soon, whether we are Socialists or Conservatives, Fascists or Communists, realises that the Government of the future has to be a powerful, active and positive Government. Therefore they all have a common interest in getting rid

of Parliament; and they will finally get rid of Parliament because they have a life-or-death pressure of necessity behind them.

When they get rid of Parliament, what are you likely to get in its place? Let us start with the democratic foundation of the new positive Government; because such a Government, if it is to take root, must have some touch with the people. It must have continual opportunities of learning the effect of its measures on the common citizen. A real Government is a sort of national shoemaker. It has to make the political shoe in which the nation is to walk; and it is very necessary that it should have the means of knowing where the shoe pinches; because if it makes the shoe in the air, on theoretical principles, without knowing the actual effect on the bunions and corns of the population, it may end by producing a misfit which, even if it can be forced on for a moment, will be violently kicked off. The more you develop your Government in the direction of Socialism, Fascism, or whatever you like to call your positive State, the more necessary it will be for the Government to keep touch with the people. In the experiments which have been made in Italy with its new Corporate State and in Russia with its new Communist State we see, to begin with, the people electing

representatives. Now there are certain conditions which must attend the election of representatives if the representatives are to be really representative. In the first place, the candidate must be known to the electors. That is obviously the first requisite. He must also belong to the same class as the electors. And he must have no interest in being elected except the satisfaction of his own taste and faculty for doing public work. He must, of course, be paid for his work like other people; but beyond this his work must be its own reward.

As you know, that mysterious force in Nature that we call Providence produces a certain percentage of persons born with a taste for public work, just as it produces a percentage of poets and composers of music. Call such persons, for want of a better term, Fabians. The born Fabian is a person who, instead of going to the pictures, or playing golf, or doing all the usual things that non-Fabians do in their spare hours, attends meetings and reads Karl Marx, or Bernard Shaw, or Sir Oswald Mosley—a very interesting man to read just now: one of the few people, who is writing and thinking about real things, and not about figments and phrases. You will hear something more of Sir Oswald Mosley before you are through with him. I know

you dislike him, because he looks like a man who has some physical courage and is going to do something; and that is a terrible thing. You instinctively hate him, because you do not know where he will land you; and he evidently means to uproot some of you. Instead of talking round and round political subjects and obscuring them with bunk verbiage without ever touching them, and without understanding them, all the time assuming states of things which ceased to exist from twenty to six hundred and fifty years ago, he keeps hard down on the actual facts of the situation. When you pose him with the American question, "What's the Big Idea?" he replies at once, "Fascism"; for he sees that Fascism is a Big Idea, and that it is the only visible practical alternative to Communism—if it really is an alternative and not a half-way house. The moment things begin seriously to break up and something has to be done, quite a number of men like Mosley will come to the front who are at present ridiculed as Impossibles. Let me remind you that Mussolini began as a man with about 25 votes. It did not take him very many years to become the Dictator of Italy. I do not say that Sir Oswald Mosley is going to become the Dictator of this country, though more improbable things have happened:

for instance, Mr. Ramsay MacDonald became Prime Minister, which was very much more improbable when Ramsay was Sir Oswald's present age.

However, I must return to my theme. You will see that the conditions I have laid down for securing really representative representatives are all violated by our present system of election. What happens is that somebody sets up in my district as a candidate to represent me in Parliament. I do not know him. None of my neighbours know him. We have never seen him. We can only judge of his personal appearance by an election address photograph which is thirty years old. We read the address, which he probably has not written; his election agent having compiled it from the current political phrases of the day, which do not mean anything. He evidently has plenty of money, which means that he is either a used-up tradesman in retirement or a parasitic landowner. He is socially ambitious: otherwise why should he want to get into the House of Commons? In short, he is either worn-out and untrained or hostile to my interests. Yet my only choice is between him and some other person equally ineligible. Also, in the case of the great majority of us, he does not belong to our class. If his son proposed to marry our daughter, he would cut him off with a shilling.

What you need to represent you is somebody whom you know and whose interests and class are the same as yours. If you want to know, for instance, why Mosley—if I may mention him again—declares for an occupational franchise, and why in Russia the franchise is practically occupational, it is because only in that way can you get groups of electors who actually know the candidates. If the candidate is a person of shifty character, somebody in his trade is sure to get up and say: “Look here: where is the five shillings you borrowed from me a fortnight ago?” “Why did you take my wife off to Brighton from Friday to Tuesday without saying anything to me about it?” “Have you ever gone to bed sober since you were sixteen?” “Can you tell me offhand the infant death-rate in my street and what are you going to do about it?” His fellow-tradesmen would not only know all these things, but they would have a sort of guarantee, in the fact that the candidate was not going to get anything out of his election but a lot of hard public work of a kind which most people, unless they are naturally specialised for it, would hate, that he is one of those queer Fabian sort of people with a genuine natural turn for public affairs.

In that way you can conceive the new State getting

a basic representative democratic Congress to keep it in touch with its subjects. This Congress would have sufficient local knowledge to elect the local chiefs of industry throughout the country. These local chiefs can elect provincial chiefs who can elect national chiefs. These national chiefs—you may call them if you like a Cabinet—in their turn have to elect the national thinkers; for a nation needs two Cabinets: an administrative Cabinet and a thinking Cabinet. Of course, this would be an unheard-of idea in the British Empire. The notion that anybody connected with politics need ever have time to think, or capacity to think if he had the time, or any intention of thinking or sense of its necessity, is something so staggering that I really feel that most of you are shaking your heads and saying: "Look here, Shaw: you are going too far this time. This is beyond anything. The country will never stand this." Nevertheless, a thinking Cabinet is one of the political organs that has to be evolved if we are going to get out of our present mess.

So you see, it is possible to have a Government which is in touch with the common people and must satisfy them—that is, a Democratic State—without the mock-democratic folly of pretending that the intellectual and technical work of Govern-

ment can be dictated, or its ministers directly chosen, by mobs of voters. The State will be a hierarchy, like the Corporate State of Italy and the Communist State of Russia; but Heaven knows what we shall call the new State here, when we build it up. Probably we will call it the Conservative State, or the Nationalist State, or the British Imperial State, or perhaps the King Georgian State: why not? it would not commit you to anything. It can claim to be a democratic system because it is a voting system, with votes for everybody—that is, for the mass of nobodies—at the base, and votes for somebody all the way up. But the voters will not enjoy their present unlimited opportunities of making fools of themselves by electing sentimentally popular generals, actors, and orators to do work for which they are unfitted. The basic Congress will consist of representatives with some turn for politics and taste for history, some public spirit and some relevant knowledge, simply because the work will not attract any other sort of candidate. They will be to that extent self-elected; and self-election, provided you eliminate all corrupt inducements, is the best sort of election; for the willing worker is the best worker. For the higher grades the most efficient persons will come to the top by sheer gravitation: the

command will force itself on them even if they are platonically reluctant to assume it. They will be the only ones able to deliver the goods. There will be, of course, a sifting out, as even the most capable people may break down. Also you must bear in mind that you never quite know what a man is until you have given him power. Revolutionists always seem to have noble characters because they never have power; but when the Revolution becomes the Government a wholesale removal of its heroes may be the first step towards stable conditions. And there is another thing that you must remember. When a man gets absolute power, he goes more or less mad. Sometimes, like Nero or Paul the First of Russia, he becomes a horrible homicidal maniac, and has to be slaughtered by his courtiers. A Washington or a Lenin will come through with credit. An Elizabeth or a Catherine will keep their wits about them to the end. The two Napoleons could not keep their crowns; but they died fairly sane. The capacity for leadership carries with it a sense of reality that saves its possessor from being too much deluded by it; and the hereditaries are brought up to exercise their personal power conventionally and leave the rest to their ministers. A democratic leader is always a beggar on horseback; and the only real security

against abuse of his powers is to establish in his mind a certainty that if he does not prove himself a capable rider he will be thrown off ignominiously. Our notion is to set the horse to govern with a curb in its mouth and a whole House of Commons on its back to pull at the reins as hard as they can, all shrieking for Liberty and protesting against dictatorship. In a really going concern every ruler, from the humblest foreman or boatswain to the most distinguished chief of staff, must be a dictator. The persons known to the public may be parliamentary dummies; but there is a dictator somewhere if anything real is being done. The pretence that there are no dictators increases their power by concealing it. The choice is not between dictators and no dictators, but between avowed and therefore responsible dictators and hidden irresponsible ones. Mussolini is the most responsible ruler in Europe because he gives his orders with his own voice and not through an imaginary megaphone called "The Voice of the Italian People." Mr. MacDonald's voice is a National Voice. When he says one thing on Tuesday and the contrary on Friday, don't blame him: it is only the nation changing its mind.

In such a system as I have sketched for you, the ruling hierarchy culminates in a Cabinet of Thinkers. The leading spirit in that Cabinet will

be as nearly a head dictator as you can very well get. I repeat, you need not be alarmed at the name. You have never had anything else than dictators governing you although you did not call them so, and most of them were routineers who could not dictate. The system is not, as people imagine when they talk of Stalin in Russia, of one dictator at the top. It is a hierarchy of dictators all through. There is no opposition, no obstruction, no talking out of Bills. The dictators do their job with their counsellors about them as best they can ; and they are really responsible because there is no reason for leaving them there or putting them there except that they do the work better than the next best. The moment they fail to do it they go ; for there is nothing to keep them there. They have no power to hold on and nobody wants them to hold on, because the moment they cease to do their work well they become nuisances.

## V

Up to this point the political structure I have sketched is just as necessary for Fascism or for Communism as it is for that doubtless extremely superior British version of it which we will produce in course of time. We can walk hand in hand with Stalin and Mussolini up to this point, because the

Government of the future, whatever else it may be, will have to be a positive governing government and not an organisation of Anarchism flying the flag of Liberty. And all positive and stable governments must have the same contact with the governed at the base and organ of pure constructive thought at the apex.

Now, that being so, where will the division come? That question drags in the apparently irrelevant and personal subject of my age. You notice that I am an old man, exhibiting very distinct symptoms of second childhood. I go back like a child to the ancient simplicities, the old Fabian simplicities. In the early Fabian days there were certain things that we hammered continually into the public mind. One of them was that the existing system is in essence nothing but a gigantic robbery of the poor. What is the matter with society is that the legal owners of the country and its capital are getting for nothing whatsoever an enormous share of the wealth produced from day to day in this country. You are all probably shrinking and saying "Now Shaw is getting ungentlemanly." But in the '80's and '90's we were shouting this all over the place; and it was by insisting on it in season and out of season that we counted for something in politics. Since we ceased mentioning it and took to glorifying the

Labor Party, which means trusting to Parliament, we have ceased to count, and we shall never count again until we go back to the old shout. Why did we not raise it at the last general election? Mr. Ramsay MacDonald would have raised it loudly enough if he had been in Socialism instead of being in Parliament. The question at issue was how to balance the Budget. That was the great thing. Now in the old Fabian days the duty of the Labor Party, if it was a Socialist Party, would have been clear. There was, as a matter of fact, no ambiguity whatever about it. The process of balancing the Budget or of forming a Budget in England was simply this: how much money can we get out of the people? At the present time balancing the Budget means collecting 850 millions a year. A Capitalist Chancellor of the Exchequer has to ask himself, "Where can I get the money? There is the rent of the Crown lands; there is the interest on the Suez Canal shares; but they do not amount to a row of beans. There is indirect taxation: customs and excise and stamps and motor licences and entertainment duty. There is inflation, always popular with debtors but quite the reverse with creditors. But these will not suffice: there is a shortage which I fear I must extort from the propertied class by income tax, surtax, and death duties; and they will

never consent to pay unless I can convince them that I have screwed the last farthing from the people by indirect taxation first, and that the balance is the inevitable ransom of their possessions."

The attitude of a Socialist Chancellor is clearly just the contrary. Mr. MacDonald's line at the last election, as it would have been if he had been the old Fabian he once was, was plain. He was ostensibly a Socialist Prime Minister without a Socialist majority. Logically he should have said : " Now that we have come to the balancing of the Budget I must resign. You gentlemen of the Capitalist majority will have to take this Budget in hand yourselves. I know perfectly well that you will do everything you can to get the money without coming down on the owners of property. You will put every farthing you can on wages and as little as you can on unearned incomes. My business is to put the boot on the other leg, and rub into the public that while you are pretending that the Empire must perish if the seventeen and ninepence a week to the unemployed is not cut down to fifteen shillings you are subsidising the idleness of the rich to the tune of four hundred millions a year ripe for taxation." Mr. Ramsay MacDonald quite forgot that figure. He had got out of his old Fabian habits. Nobody else mentioned it. Is it a hidden figure ? Is it a

recondite matter that has been kept so secret that the ordinary citizen cannot be expected to know it? Nothing of the sort. It is in Whitaker's Almanack. The mischief of throwing away money like this is that its recipients take out of our proletariat an enormous mass of workers who might be producing positive wealth and wasting their labour on pressing idle gentlemen's trousers, cleaning idle ladies' shoes, and doing all the other things that idle people want done by their retinues of servants and tradesmen. Huge industries are built up to produce elaborate and expensive nothings for them: things that nobody wants, but which they purchase to present to one another. Incidentally we have learnt in their service to produce real conveniences and comforts which everyone will enjoy some day; but after all deductions for these, our waste of capital and demoralisation of labour in supplying the unreal or mischievous wants of the parasitic rich is so great that a nation which tolerates it loses all excuse for making a poor mouth about trifles of twenty or thirty millions and cutting the seventeen and nine-pence of the involuntarily unemployed poor down to fifteen shillings.

Here are the old Fabian simplicities that I want to go back to. What is the Fabian Society for if not to rub them into the consciences of our grossly

humbugged taxpayers. The other day I happened to have occasion for the services of a West End professional man. It was rather a curious business, because I paid him three guineas for the service, though by taking a 2d. bus and spending another twenty minutes on the job I could have got it performed for 5s. I cannot tell you why I paid the three guineas instead of the 5s.; for I knew that his landlord and not he would get the extra two pound eighteen; but, as a matter of fact, I did. He said to me: "I have to work all day pretty hard from ten in the morning. Do you know that I calculate that not until half-past four in the afternoon do I begin to make money for myself." All the rest of the time he is working practically for the idle, useless and unhappy ladies and gentlemen who draw that four hundred millions a year out of his and other people's labour for nothing. Why do we stand it? One would suppose that every professional man in the West End must be a raging Communist; yet if I mention that sort of thing I am told that is old hat, that I am a back number, that harping on ground rents is Fabianism, and that Fabianism is dead and done for. Well, I am sorry to be out of fashion; but you will have to go back to that sort of Fabianism, or, let me tell you, you will not get out of your present mess.

Let me deal with the question of why it has ever been possible to induce intelligent men to acquiesce in the levy of this enormous tribute on industry. I have not told you the whole of it. Incomes derived from business amount to more than a thousand millions in addition to the four hundred millions. Some of this business income—I cannot disentangle it—I cannot tell you how much—is a reasonable remuneration for work, but a good deal of it is made up of salaries, profits and commissions big enough to bear additional taxation without any such personal privation as must follow a cut of a few shillings in weekly wages.

Why do you leave all this mass of rent, interest, and profit in private hands, and treat it as so sacred that we must all tighten our belts sooner than touch it? The only reason that pretends to be an economic reason is this. To develop the resources of the country requires a constant supply of fresh capital to start new industries. With the march of science you not only have to start new industries but to provide entirely new machinery for old industries. How are you going to provide for the accumulation of that capital? The accepted commercial answer is that you must throw an immense mass of wealth into the hands of a small class of people. You must throw so much of it into their hands that they cannot

consume it. After stuffing themselves with every luxury that can be imagined on the face of the earth they still have millions which save themselves because they cannot be spent. That is the argument for having an enormously rich class amongst you. Well, what have we Fabians to say to that? We have to say several things. In the first place, it is ridiculous waste to overfeed a handful of idle people and their millions of hangers-on before you can save money when no money need pass through their hands at all. No sane nation which could accumulate its capital in any other way would choose that way. Well, what on earth is to prevent us from accumulating our capital in another way? Why not take its sources out of the hands of these gentlemen and accumulate it ourselves? They would then have to work for their living; but we should be all the richer and they all the happier. After all, though we let them plunder us so monstrously we plunder them back again by income tax, super-tax, and death duties, only to waste the booty on unemployment benefit instead of organising employment.

Besides, what guarantee have you that these people will invest their savings for the good of the nation? As a rule they try to send it wherever labour is cheapest. Before the war they were steadily sending two hundred millions of English

capital abroad to anywhere on the face of the earth except England. Here we are with our cities rotted out with slums and with the most urgent need for capital to do away with those slums and to improve the condition of our people, to give them better food, better clothing, better housing and better education, for bringing our obsolete machinery up to date, organising agriculture collectively, and introducing all the new scientific methods. We need capital for those things ; but if there is a penny more in the way of dividend to be got by our capitalist class by sending money to the Argentine or to anywhere else they send it there. Consider the danger of living on foreign investments. The income from them is created in foreign countries by foreign labour. It is then sent here and spent here. Suppose the foreign nations go bankrupt! Already not one of them can pay twenty shillings in the pound. We ourselves can pay only thirteen shillings or less. Suppose they take to Communism or Fascism or something of that kind, and stop paying tribute! We should be starved out ; and serve us right. A great deal of the starvation we are complaining of at the present time exists because we have become much too much dependent on supplies from abroad and not enough on supplies from home. So you see, the one defence you can set up for the conspiracy of

silence about unearned income is nothing but a silly excuse for shirking the great enterprise of Socialism. It is not true that wages must be cut, unemployment benefit must be cut, education must be cut, public enterprise must be starved, and stopped in order that more hundreds of millions can be added to those which are being wasted at present on the idleness, extravagance, and corruption of labour which are ruining us.

That is what I call the old Fabian simplicity which in my second childhood I go back to. I used to insist that the Government had no right to take a penny from the private capitalist until it was ready to use it productively. At that time income tax had been twopence in the pound quite recently. I little thought that I should live to pay half my income to a nominally Socialist Chancellor of the Exchequer every January only to see it helplessly and foolishly wasted in doles.

An intelligent Government would not let a single farthing go out of this country until we were quite saturated with capital, which is very far from being the case. Just consider the scaring and glaring fact that there are 100,000 people in London living in one-room tenements, some of them underground, at the present moment. Every human being, in my opinion, ought at least to have, as one of the first

necessities of a properly equipped home, a private room always to himself or herself. I do not mean one room for everybody in the house except the husband and wife, and one room for them. I mean two rooms for them. I suppose I shall be denounced for a dastardly attack on the family ; but I feel as a husband that I must have a room that I can lock my wife out of ; and she has exactly the same view with regard to a room that she can lock me out of. Well, until you have the population properly housed to that extent we have no excuse for sending capital out of the country ; and we need a positive Government to stop it and not a Cabinet of talkers and Laisser-fairists.

I am not forgetting what is called the importance of foreign trade. The important thing is to get rid of as much of it as possible as soon as possible. I want to point out to you, as one of the childish simplicities which I go back to, that trade is in itself an evil. I am quite aware that our private capitalist system has brought us into such a state of lunacy that all the City articles in the newspapers, all the speeches, all the assumptions made in the debates and underlying our legislation are that the more trade the country has the better. Also they insist that the balance of trade must be in our favour or we are lost. King Charles the Second would have

agreed with that. But he would not have believed his ears if he had been told that what they meant by a balance of trade in our favour is that we are sending more goods out of the country than we are getting in. He would have said, "You mean just the opposite, don't you?" But they really do mean it, though all the time they go on with their foreign investments, which must finally produce a continual stream of imports without any exports to balance them at all. To me it seems simply insanity but I am an old man and my brain is failing; but I venture to suggest that a country which exports more than it imports is bleeding to death, and a country which imports more than it exports is being pauperised. No private trader cares which effect is being produced if he can make a profit on the particular private transaction which happens to come his way. That is why foreign trade should be taken out of private hands.

## VI

And now, what about all this tariff business? A tariff is simply a disguised method of disguised or indirect taxation, like currency inflation and the rest of our fiscal dodges. Let us, however, leave out that part of the tariff business which is for revenue purposes and let us go on to the question of keeping

out the foreigner's goods and protecting native industries. I attach great importance to that. I believe that the present movement throughout the world to make every State self-supporting is not merely a healthy movement but an absolutely necessary movement. The old Cobdenite notion that every country produces the goods it consumes at a loss and produces what foreigners consume at a profit is not only, as Carlyle called it, heart-breaking nonsense, but is no longer even the partial matter of fact it was in Cobden's time. In his time England could manufacture better than other nations; and it paid our capitalists to go in for their trade and let agriculture go to the dogs. To-day all nations produce with the same machinery; and we are badly behindhand in harnessing the powers of Nature to that machinery. We are still only talking about our unused tidal water power whilst the Italians have not only covered their mountains with flumes, but bored through the earth to the central fires and are driving their machines by artificial volcanoes. I doubt that there is a single member of the Cabinet who is aware of this staggering advance, which will be copied in the volcanic countries where earthquakes are six a penny. They still bleat about revivals of irrecoverably lost trades, and pity the Italians for not being governed by them instead of by Mussolini.

Let us look at the question of national self-support from the militarist point of view. Nowadays wars are won, not by fighting, but by blockade. The military experts know perfectly well that all those tremendous old-style infantry offensives which were launched on the western front between 1914 and 1918, at an appalling cost in slaughter and mutilation, were pure waste. The old style was to throw masses of infantry soldiers on other masses of them and let them fight it out with the bayonet. Our commanders, always doing what was done the last time, threw the masses on to barbed wire and machine-guns, and had them blown and torn to pieces. No doubt it was very heroic, meaning very bloody. The Germans were wonderful in their fighting. They won any amount of victories. So did we. But not one of our offensives and not one of the German offensives ever reached its objective. They were shot down by machinery on the wires before they got there. The whole affair was one of blockade and nothing else. I used to say that the war would last thirty years because I could not be persuaded that the Central Empires could not live on their own natural resources. I was wrong. Thanks to the capitalist system they did not know how to support themselves, and had to surrender when their foreign trade was cut off. That is why

people who have any power of observation are beginning to feel that one of the first necessities of the present dangerous time is for a nation to become self-supporting, and are clamouring for tariffs. But tariffs will not do the trick. Taxing foreign trade is no use: you must prohibit it. Tariffs do not keep foreign goods out: they only raise the price of native goods without regard to their quality. What we need is a Government which, with regard to those industries that we are determined shall grow up and be developed in our country so as to make ourselves self-supporting, will decree absolute prohibition of foreign trade by private speculators. What the Government should do in such cases, as it seems to me, is to prohibit private foreign trade absolutely, and then if the native industry cannot produce a sufficient supply, itself buy the necessary supplementary foreign supply and put it on the market at a fixed price. In that way it can give all the protection that is necessary to the native industry whilst taking care that the native industry keeps itself up to date and is not trying to get trade by being lazy and behindhand under the shelter of a tariff.

## VII

I must now deal with something that was said the other day in Parliament by my friend George Lansbury. It was very like what Mr. Rowse said here the other night about the English workman being the best in the world; only that George Lansbury's remark was a Marxist echo and not an echo from All Souls. He said in effect that all our social questions are now international questions, implying that we cannot do anything until everybody else in the world does it simultaneously. Well, that is not very cheerful. If you will not do anything until everybody else does it (although I know that is English morality in a nutshell), you will never get anything done at all. I wish I had my friend George here just to ask him in a friendly way why on the face of the earth we cannot carry out enormous instalments of Socialism without caring one snap of our fingers whether they are simultaneously carried out in Paris, in Berlin, in Budapest, in Madagascar and in Jerusalem. Take the case of that professional man whom I was with the other day. When he told me he was working up to half-past four for other people, I told him that I myself always have, before I can touch a penny of the money that I earn—not that I really earn it all: a lot of actors and other

people of that kind earn most of it for me—to pay about £500 a year to support somebody who does nothing for me in return but give me his gracious permission to live in London. Why should I pay him for permission to live in London? I am an ornament to London. London owes at least half its present celebrity to the fact that I live in it. Take the redistribution of income which is so urgently necessary as between the citizens of London at large and the ground landlords headed by the Duke of Bedford, the Duke of Portland, the Duke of Westminster and Lord Howard de Walden; may I ask what person in Berlin, or in Paris, or in Jerusalem, or in Madagascar can do anything to prevent this country effecting such a redistribution? Absolutely nobody.

Take the cognate question of the redistribution of leisure. Millions of our people, some living on the dole and some on property, do not work at all, whilst other people are working fourteen hours a day. I assure you that quite a number of people are working fourteen hours a day. Can anything be more ridiculous? one man unemployed and the other man working fourteen hours a day! Surely the sensible thing is to take the unemployed man and let him do seven hours of the work of the fourteen hours man, and then see whether you cannot split

it up a little bit further. About four hours work a day all round, accompanied by a sensible redistribution of income, would make us all much healthier and happier than we are at present.

What influence from abroad can prevent us from doing that, if we like? What state would Russia be in if Stalin had waited for us to give him a lead? Suppose Mussolini had waited for us, where would Italy be? I suggest the time has come for us to give a lead now.

The truth is that the redistribution of income, the redistribution of leisure, the municipalisation and nationalisation of land, the national control of industry, the accumulation of capital by the State, the regulation of foreign trade to make this country more and more self-supporting, are things that we can do every single bit of without troubling our heads for one moment whether the rest of the world is going to be sensible enough to follow our example. You applaud; but faintly and depressingly. If this audience had two-penn'orth of political sense, it would have jumped up madly to cheer me, and request me to become the dictator of this country. You mistrust the old Fabian simplicities, the things which are really at the back of any movement worth counting in this country, and are the only considerations which will really change the minds of the

people, which is what we want to do. All these things you have forgotten. You have gone slack about them : you have lost faith in the possibility of their being done. Well, unless you regain that faith, they will not be done ; because after all, until you manage to produce the atmosphere which will make even parliamentary politicians feel that you want things to go in a certain direction, they will stick in their old ruts on the road to ruin.

In conclusion I must point out that to effect these changes there must be a genuine transfer of political power in this country. All through our agitation of the last fifty years we have been continually beaten by the fact that we cannot get hold of the children. Every fresh generation of children has been brought up in the old habits of thought which act as impregnable defences for our system, which I have called the system of robbery of the poor, this enormous brigandage of privately owned land and capital. I must not start at this time of the evening on the Disarmament question ; yet I will say that I do not care twopence about the Disarmament talky-talky at Geneva. The Disarmament question that concerns me is who is going to have control of the machine guns in this country. The other day at the Marble Arch you had your heads broken in the old way by the sticks of the police. But Geneva has just set the

example of substituting machine guns for sticks on such occasions. I should simply be spitting in the face of history if I pretended to believe that the propertied classes in this country will give up their property without fighting for it if they control the machine guns. They have a great deal of money; and as long as you leave them with money they will be able to pay men to fight for them. If you pay an Englishman to kill another Englishman and have the law at his back, he will do it in the most cheerful manner. Under our Capitalist class system every Englishman dislikes every other Englishman so much that it is hardly necessary to pay him to kill: you have to make severe laws to prevent him from killing. You must make up your minds that this question may not be settled in a pacifist manner. Once or twice Sir Stafford Cripps, and also Mr. Rowse, said that the catastrophe might be deferred. I do not want the catastrophe to be deferred. I am impatient for the catastrophe. I should be jolly glad if the catastrophe occurred to-morrow. But being an average coward, as most unblooded citizens are—especially people in my profession—I would rather that the catastrophe were settled without violence. But I am afraid our property system will not be settled without violence unless you make up your minds that, if it is defended by violence, it will

be overthrown by violence. That is very depressing; but there is no use shirking it. You have to look final issues in the face. There comes a time in all human society when there is a certain constitution of society which a number of people are determined to maintain and a number of other people are determined to overthrow. Both have the conviction that the whole future of the world and civilisation depends (*a*) on its being maintained, (*b*) on its being overthrown. The only way in which it can finally be settled, it seems to me, is by one party killing the other to the extent that may be necessary to convince the rest that they will be killed if they do not surrender. I do not think there is any use in burking that sort of fact by cherishing the old Liberal illusion that fundamental reforms can be effected by votes in Parliament. For thirty years the Irish question was left to Parliament, where it was carried at last by votes. Instantly the officers in the army mutinied, and the real settlement was by blood and fire. There is only one way of avoiding a repetition of the Irish experience here; and that is to get at the children and raise a new generation educated as Socialists. That would give you a Socialist movement in the country overwhelming enough to put out of countenance the propertied resistance. Without that the thing will be done by the forcible

determination of a resolute minority, as it has been done in Italy and Russia. But make up your mind the thing has to be done one way or another: we cannot go on as we are much longer. I am past military age; but, still, I may be gassed or have my house burnt over me. The old are no longer exempt from the risks they thrust on the young; so I speak with a due sense of responsibility.

Well, Ladies and Gentlemen, take my advice and do not try to defer the catastrophe. Do everything you can to bring it about; but do your best to let it be done in as gentlemanly a manner as possible.

